

### Agency Proposed Budget

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	623.44	19.70	10.66	653.80	10.87	10.66	644.97	644.97
Personal Services	28,258,727	2,041,069	1,552,326	31,852,122	1,735,612	1,551,586	31,545,925	63,398,047
Operating Expenses	22,389,693	(340,022)	5,187,582	27,237,253	(2,594,989)	2,174,425	21,969,129	49,206,382
Equipment	841,890	9,593	172,000	1,023,483	(357,407)	125,000	609,483	1,632,966
Capital Outlay	0	0	0	0	0	0	0	0
Grants	795,654	88,787	0	884,441	(97,449)	0	698,205	1,582,646
Benefits & Claims	14,975	0	0	14,975	0	0	14,975	29,950
Transfers	89,317	190,352	0	279,669	190,352	0	279,669	559,338
<b>Total Costs</b>	<b>\$52,390,256</b>	<b>\$1,989,779</b>	<b>\$6,911,908</b>	<b>\$61,291,943</b>	<b>(\$1,123,881)</b>	<b>\$3,851,011</b>	<b>\$55,117,386</b>	<b>\$116,409,329</b>
State/Other Special	37,449,204	1,149,623	1,214,536	39,813,363	(1,545,840)	953,795	36,857,159	76,670,522
Federal Special	14,941,052	840,156	5,697,372	21,478,580	421,959	2,897,216	18,260,227	39,738,807
<b>Total Funds</b>	<b>\$52,390,256</b>	<b>\$1,989,779</b>	<b>\$6,911,908</b>	<b>\$61,291,943</b>	<b>(\$1,123,881)</b>	<b>\$3,851,011</b>	<b>\$55,117,386</b>	<b>\$116,409,329</b>

### Agency Description

The Department of Fish, Wildlife and Parks (FWP) is responsible for the management of Montana fish, wildlife, parks, and recreational resources. The department is also responsible for a state park system that includes scenic, historical, cultural, and recreational resources. The operational programs are in seven divisions and seven regional field offices. The five-member FWP Commission provides policy direction on resource management, seasons, and use of department lands.

### Agency Highlights

Department of Fish, Wildlife and Parks Major Budget Highlights	
<ul style="list-style-type: none"> <li>The largest funding source is the general license account. At 47.3 percent of the budget, it totals \$55.2 million over the biennium</li> <li>The executive budget continues status quo operations of the department with the exception of several new proposals. The major proposals include: <ul style="list-style-type: none"> <li>Operation funds for the Fort Peck Hatchery fish production</li> <li>Establishment of regional investigators to further enforcement capabilities</li> <li>Authority for \$2.0 million to participate in the federal State Wildlife Grant Program</li> </ul> </li> <li>FTE increases primarily due to: <ul style="list-style-type: none"> <li>Converting the Automated Licensing System from contracted services to department staff</li> <li>Permanently hiring modified FTE for wildlife conflict management and community service work</li> <li>Providing educational staff at the Nature Education Center</li> </ul> </li> </ul>	

### Major LFD Issues

- General license account balance is projected to be \$14.7 million at the end of the 2007 biennium. Limiting program expansion could affect the likelihood of a fee increase.
- The executive is requesting \$3.6 million in short-term legislative contract authority, which will allow increased program expenditures without legislative review.
- The executive is requesting \$500,000 for expanded wildlife surveys.

### Funding

The following table summarizes funding for the agency, by program and sources, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives.

Total Agency Funding 2007 Biennium Executive Budget				
Agency Program	State Spec.	Fed Spec.	Grand Total	Total %
01 Administration & Finance Div.	\$ 12,254,859	\$ 3,663,363	\$ 15,918,222	14%
02 Field Services Division	8,936,115	1,289,622	10,225,737	9%
03 Fisheries Division	8,607,567	18,118,947	26,726,514	23%
04 Enforcement Division	13,303,095	658,737	13,961,832	12%
05 Wildlife Division	9,010,221	8,910,015	17,920,236	15%
06 Parks Division	13,963,628	813,488	14,777,116	13%
08 Conservation Education Div	4,059,482	1,437,242	5,496,724	5%
09 Department Management	<u>6,535,555</u>	<u>4,847,393</u>	<u>11,382,948</u>	<u>10%</u>
Grand Total	<u>\$ 76,670,522</u>	<u>\$ 39,738,807</u>	<u>\$ 116,409,329</u>	<u>100%</u>

### Significant Federal Funding

The department's budget consists of 71 percent state special revenue and 29 percent federal special revenue. Of the \$14.9 million in federal funds received in FY 2004, \$11.3 million was derived from the federal aid programs.

The Federal Aid in Wildlife Restoration Act, commonly referred to as the Pittman-Robertson act, began in July of 1938. The purpose of this funding is to provide for the selection, restoration, rehabilitation, and improvement of wildlife habitat, wildlife management research, and the distribution of project information. An amendment to the program added funding for hunter safety and the development, operation, and maintenance of public shooting ranges.

Funding for the program comes from an 11 percent federal excise tax on sporting arms, ammunition, and archery equipment, as well as a 10 percent tax on handguns. Funds are proportioned to states based on a formula considering total area of the state and licensed hunters in the state.

The program is a cost reimbursement program where the state covers the full amount of the project and applies for reimbursement of up to 75 percent of the expenses. The state provides the other 25 percent from a nonfederal source.

Parallel to this program is the Federal Aid in Sport Fish Restoration act, referred to as Wallup-Breaux in recognition of the major revisions to the act completed in 1984. Modeled after Pittman Robertson, Wallup-Breaux provides funding for the management, conservation, and restoration of fishery resources. Excise taxes on fishing rods, reels, creels, lures, flies, and artificial bait provide funding for the program.

Like Pittman-Robertson, Wallup-Breaux funds are distributed on a formula basis, based on the number of licensed anglers and land and water mass of the state. This is also a cost-reimbursement program where up to 75 percent of approved project costs can be recovered.

The federal programs come with specific requirements. Montana has agreed to use state hunting and fishing license revenues (and subsequent interest earnings) for only fishery and wildlife management work. If the state uses these revenues for something else, the federal government could determine that a diversion of state licensure dollars had occurred. The penalty for this activity is the withholding of Pittman-Robertson and Wallup-Breaux funding. As a consequence, the state has virtually no option to use state derived license revenues for any activities other than in this department, if the legislature wishes to maintain federal funding.

### Biennium Budget Comparison

The following table compares the executive budget request in the 2007 biennium with the 2005 biennium by type of expenditure and source of funding. The 2005 biennium consists of actual FY 2004 expenditures and FY 2005 appropriations.

FTE	643.14	10.66	653.80	634.31	10.66	644.97	623.44	644.97
Personal Services	30,299,796	1,552,326	31,852,122	29,994,339	1,551,586	31,545,925	57,437,262	63,398,047
Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	Present Law Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Biennium Fiscal 04-05	Total Exec. Budget Fiscal 06-07
Operating Expenses	22,093,171	5,144,082	27,237,253	19,838,204	2,130,925	21,969,129	46,938,493	49,206,382
Equipment	851,483	172,000	1,023,483	484,483	125,000	609,483	1,386,098	1,632,966
Capital Outlay	0	0	0	0	0	0	0	0
Grants	884,441	0	884,441	698,205	0	698,205	1,696,501	1,582,646
Benefits & Claims	14,975	0	14,975	14,975	0	14,975	20,032	29,950
Transfers	279,669	0	279,669	279,669	0	279,669	315,408	559,338
Total Costs	\$54,423,535	\$6,868,408	\$61,291,943	\$51,309,875	\$3,807,511	\$55,117,386	\$107,793,794	\$116,409,329
State/Other Special	38,642,327	1,171,036	39,813,363	35,946,864	910,295	36,857,159	77,396,358	76,670,522
Federal Special	15,781,208	5,697,372	21,478,580	15,363,011	2,897,216	18,260,227	30,397,436	39,738,807
Total Funds	\$54,423,535	\$6,868,408	\$61,291,943	\$51,309,875	\$3,807,511	\$55,117,386	\$107,793,794	\$116,409,329

### New Proposals

The "New Proposal" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals										
Program	FTE	Fiscal 2006				Fiscal 2007				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 208 - Urban Wildlife										
02	0.00	0	30,000	0	30,000	0.00	0	30,000	0	30,000
DP 301 - Fort Peck Hatchery Operations										
03	3.00	0	477,007	0	477,007	3.00	0	477,007	0	477,007
DP 306 - Short Term Federal Authority OTO										
03	0.00	0	0	2,250,000	2,250,000	0.00	0	0	2,250,000	2,250,000
DP 402 - Commercial Licensing Program - Biennial/Rest/OTO										
04	0.00	0	44,047	0	44,047	0.00	0	(10,953)	0	(10,953)
DP 407 - Short Term Federal Authority OTO										
04	0.00	0	0	20,000	20,000	0.00	0	0	20,000	20,000
DP 408 - Regional Investigators										
04	2.00	0	120,000	0	120,000	2.00	0	110,000	0	110,000
DP 409 - Seasonal Water Safety - Restricted										
04	1.50	0	0	71,832	71,832	1.50	0	0	71,714	71,714
DP 503 - Wildlife Conflict Specialist R1										
05	1.00	0	36,692	0	36,692	1.00	0	36,595	0	36,595
DP 504 - Mountain Lion Research OTO										
05	0.50	0	40,177	120,540	160,717	0.50	0	40,167	120,502	160,669
DP 505 - Restore Nongame Wildlife Funds- Restricted										
05	0.00	0	43,500	0	43,500	0.00	0	43,500	0	43,500
DP 506 - Equipment OTO										
05	0.00	0	47,000	0	47,000	0.00	0	0	0	0
DP 508 - Short Term Federal Authority OTO										
05	0.00	0	0	400,000	400,000	0.00	0	0	400,000	400,000
DP 603 - Short Term Federal Authority OTO										
06	0.00	0	0	35,000	35,000	0.00	0	0	35,000	35,000
DP 801 - The Wildlife Center										
08	1.16	0	57,157	0	57,157	1.16	0	108,645	0	108,645
DP 902 - Regional Office Equipment - OTO										
09	0.00	0	30,000	0	30,000	0.00	0	30,000	0	30,000
DP 905 - State Wildlife Grants - Biennial/OTO										
09	0.00	0	200,000	2,800,000	3,000,000	0.00	0	0	0	0
DP 908 - River Recreation Management										
09	1.50	0	88,956	0	88,956	1.50	0	88,834	0	88,834
<b>Total</b>	<b>10.66</b>	<b>\$0</b>	<b>\$1,214,536</b>	<b>\$5,697,372</b>	<b>\$6,911,908</b>	<b>10.66</b>	<b>\$0</b>	<b>\$953,795</b>	<b>\$2,897,216</b>	<b>\$3,851,011</b>

## Agency Issues

### General License Account (GLA)

The majority of the funding for the department comes from the general license account (GLA). Fees collected for the privilege of hunting or fishing that are not earmarked for another purpose are deposited into the general license account. This account provided \$55.2 million of the department's \$113.7 million appropriation for the 2005 biennium and is used across the department for a variety of activities. The amount in the general license account fluctuates based on the number and cost of licenses and permits sold, interest earned on fund balances, and the demand for general license account funds within the department.

Fees are set by the legislature. Historically, fees have been set at a stable level for a period of eight to ten years. Early in the cycle, the increased fees generate more income than the revenue needed to meet expenses, creating a surplus of funds in the general license account, which are utilized when expenses begin to exceed revenues. During the later period, the balance in the GLA declines as expenditures exceed revenues. When the balance is projected to reach a certain point, the executive proposes a fee increase. The department considers a fund balance of \$5.0 million to be the critical point when fee increases are necessary to support department activities.

The department has proposed and Governor Martz supported legislation to increase resident fees in the 2007 biennium. The license fees that provide revenue to the GLA are set by the legislature. The revenue projections provided in the executive budget do not include the proposed license increase.

### Fee History

The last resident license increase was approved by the 1991 Legislature, while nonresident increases were provided by the 2001 Legislature. Sportsmen have experienced additional fees since the 1991 increase. The 2003 Legislature approved a \$0.25 conservation license increase to fund search and rescue operations. This increase provides reimbursement to local volunteer search and rescue groups for missions related to lost hunters and anglers. The 2003 Legislature also directed the department to work with the Department of Natural Resource and Conservation to establish an equitable method to reimburse trust beneficiaries for the recreational use of state lands, which resulted in a \$2.00 increase in the cost of a conservation license. Similarly, the 2001 Legislature provided for a \$2.00 resident hunting access fee (\$10 nonresident) to support the block management program. While these increases do not directly affect the general license account, they do indicate that sportsman have provided additional revenues for department programs.

### Balance in the General License Account

The balance of the general license account fund is central to the discussions of increased fees. Figure 1 provides details of the fund balance for the 2005 and 2007 biennia. FY 2004 through FY 2007 reflect the amount of money available for appropriation after requested new proposals, present law adjustments, and the executive pay plan are taken into consideration.

The large decrease in FY 2006 is due a \$4.8 million capital request, even though the expenditures will occur in later years. As shown, expenditures have exceeded revenues each year.

In fact, except for FY 2002 and 2003, the general license account disbursements have exceeded revenues since FY 1998 as shown in Figure 2. The difference in revenues and expenses has grown steadily. The 2007 biennium is no exception as the department estimates FY 2006 revenues at \$27.6 million, while expenditures are requested at \$35.6 million. Similarly, FY 2007 revenues are projected at \$27.6 million, while expenditures are requested at \$30.6 million. Budget highlights for the general license account include:

**Figure 1**  
FWP General License Account -- Estimate Available Fund Balance  
2007 Biennium Executive Budget Request

	Actual FY 2004	Appropriated FY 2005	Executive Request	
			FY 2006	FY 2007
Beginning Balance	\$26,424,770	\$26,104,509	\$25,733,474	\$17,774,400
License Revenue	26,356,025	25,582,758	25,495,368	25,497,032
Other Revenue	<u>2,051,049</u>	<u>2,067,857</u>	<u>2,103,614</u>	<u>2,090,040</u>
Total Funds Available	<u>\$54,831,844</u>	<u>\$53,755,124</u>	<u>\$53,332,456</u>	<u>\$45,361,472</u>
Disbursements				
Program Expenditures	\$27,460,814	\$27,924,984	\$27,736,429	\$28,110,709
Continuing Capital Costs	1,093,725	-	-	-
LRB Projects	203,655	96,666	4,864,000	-
Carry Forward Appropriations			662,431	-
Proposed Executive Pay Plan			461,544	1,115,181
New Proposals			<u>\$1,833,652</u>	<u>\$1,355,592</u>
Total Disbursements	<u>\$28,758,193</u>	<u>\$28,021,650</u>	<u>\$35,558,056</u>	<u>\$30,581,482</u>
Adjustments (Prior Year Revenue)	<u>30,858</u>	<u>0</u>	<u>0</u>	<u>0</u>
Available Ending Balance	<u>\$26,104,509</u>	<u>\$25,733,474</u>	<u>\$17,774,400</u>	<u>\$14,779,990</u>

**Figure 2**  
Fish, Wildlife and Parks  
General License Account Revenues and Disbursements

Fiscal Year	Revenues	Disbursements	Difference	Cummulative
*2007	27,587,072	30,581,482	(2,994,410)	7,432,959
*2006	27,598,982	35,558,056	(7,959,074)	10,427,369
* 2005	27,650,615	28,021,650	(371,035)	18,386,443
2004	28,437,936	28,905,675	(467,739)	20,439,742
2003	29,189,792	27,039,789	2,150,003	20,907,481
2002	27,145,523	26,897,098	248,425	18,757,478
2001	24,657,861	26,816,128	(2,158,267)	18,509,053
2000	24,474,274	25,980,492	(1,506,218)	20,667,320
1999	24,855,232	25,647,061	(791,829)	22,173,538
1998	24,556,436	23,387,660	1,168,776	22,965,367
1997	24,001,499	21,387,625	2,613,874	21,796,591
1996	25,118,865	21,082,910	4,035,955	19,182,717
1995	25,254,777	19,510,966	5,743,811	15,146,762
1994	23,200,161	18,963,554	4,236,607	9,402,951
1993	21,511,108	18,192,128	3,318,980	5,166,344
1992	18,836,165	17,152,135	1,684,030	1,847,364
1991	16,948,445	16,785,111	163,334	163,334

\*Based upon estimate available fund balance.

### Present law adjustments

- Reimbursement of the school trust for recreational use on trust land-\$460,000 each year
- Game warden overtime funding-\$188,000 each year
- Enhancement to wildlife surveys-\$125,000 each year

### Major new proposals

- Matching funds for the State Wildlife Grant program-\$200,000 biennial request
- Creation of regional investigators to enhance enforcement activities-\$114,000 per year
- Establishment of a river recreation safety program-\$72,000 per year

Expenditures are only one half of the equation. In order to achieve a structurally balanced fund, expenditures need to be kept in line with revenues. Estimating revenues is another issue. In preparing the budget request, department staff estimate the amount of revenue to be

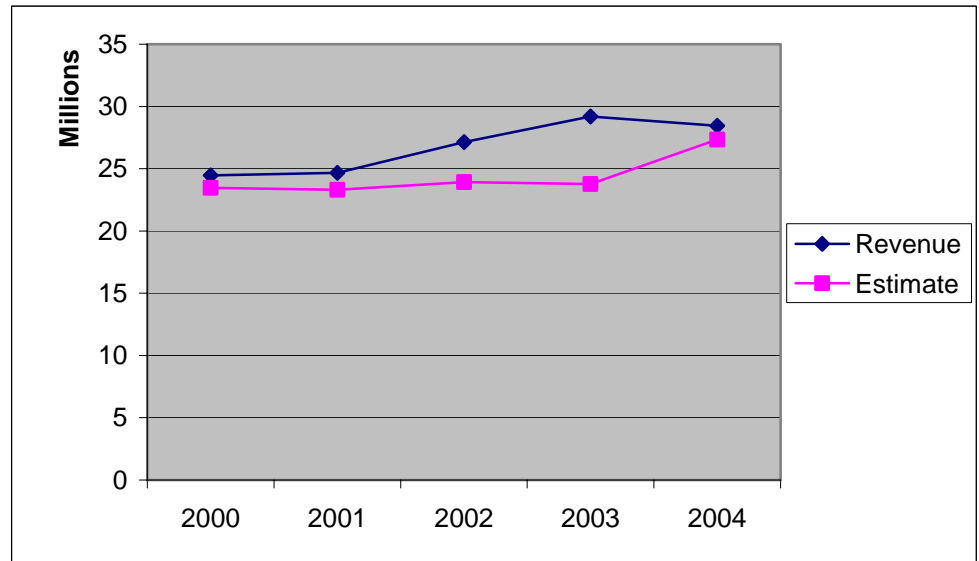
deposited into the general license account for the upcoming biennium. Hence, the department is estimating revenues two years in advance. Figure 3 details the past five fiscal years and shows that the department's estimates have ranged from 96 percent of actual revenue to 81 percent of actual revenues. To successfully establish a balance between revenues and expenditures would require increased accuracy in revenue estimating, as a four percent margin translates to over \$1.0 million.

If capital projects are completed during the 2007 biennium and if all new proposals and present law adjustments are accepted by the 2005 legislature, the balance in the general license account would be approximately \$15 million. If the legislature chose not to allow expenditures to exceed revenues, the department could potentially continue for three more biennia before the balance would approach the \$5.0 million critical point where the department considers fee increases necessary.

To achieve a balanced fund and respond to the fee increase issue the legislature may wish to consider the following options:

- Establish an incremental increase to fees to meet on-going inflationary increases in operating expenditures rather than implement large fee increases to initially build the account balance to spend over a decade
- Limit general license account expenditures to ongoing revenues
- Establish requirements for annual reporting of general license account revenues and expenditures to the legislature

Figure 3



The program narrative that follows discusses a number of proposals for increased expenditure of the general license account. The legislature may wish to consider the fund balance, expansion of use and the potential for increase as each decision package is reviewed.

### Legislative Contract Authority

Legislative contract authority provides a means by which the legislature can appropriate federal funds that the department anticipates receiving after the legislature adjourns. Legislative contract authority expenditures are treated as budget amendment expenditures in that they are removed from the base and must be re-appropriated each biennium. Unlike a budget amendment, the legislature does not have the opportunity to review legislative contract authority expenditures on an on-going basis. The agency receives federal funding and spends it. The legislature becomes involved during the subsequent legislative session when it receives a report from the agency detailing legislative contract authority expenditures.

The 2003 Legislature reviewed on-going federal contract projects and decided that these projects belonged in HB 2. The legislature consequently denied legislative contract authority requests and required the department to utilize the budget amendment process. To convert the department from the legislative contract authority process to the budget amendment process, the legislature identified all on-going projects previously funded with legislative contract authority. The projects were then sorted by duration. Those projects that would be completed over the next biennium were designated as one-time in nature so that they could be removed from the budget for the 2007 biennium. In contrast, those that have been on-going for a long time were added to the department's base budget. During FY 2004, the department processed 32 budget

amendments for a total of \$3.3 million. This authority is in addition to the \$410,507 appropriated as short-term federal contracts by the 2003 Legislature.

The department is seeking present law adjustments to provide \$7.4 million in short-term federal contract authority for the Fisheries, Enforcement, Wildlife, and Parks Divisions for federal funds from various sources to replace authority currently acquired through the budget amendment process. In addition, the Management Division is seeking \$2.8 million in federal and \$0.2 million state special revenue contract authority for the state wildlife grant program. This request is for a very specific funding source. However, the projects in FY 2004 varied widely, from the monitoring of grizzly bears to inventory work on smooth and spiny soft-shell turtles.

The appropriation of legislative contract authority would provide the department the ability to spend federal dollars as they are received and provides virtually no oversight of the process. The budget amendment process, as prescribed in 17-7-402, MCA, provides for a formal review process. Requests that do not meet the criteria are not approved, while those that do are provided the authority to do so. The legislature may wish to determine if these funds should be reviewed through a formal process. The options are:

- Appropriate the additional legislative contract authority allowing the department to spend additional federal funds without legislative review
- Continue to require that the department seek budget amendments for additional federal funding

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	57.32	18.00	0.00	75.32	18.00	0.00	75.32	75.32
Personal Services	2,652,620	840,074	0	3,492,694	838,370	0	3,490,990	6,983,684
Operating Expenses	4,754,839	(386,967)	0	4,367,872	(444,453)	0	4,310,386	8,678,258
Equipment	28,488	0	0	28,488	0	0	28,488	56,976
Transfers	0	99,652	0	99,652	99,652	0	99,652	199,304
<b>Total Costs</b>	<b>\$7,435,947</b>	<b>\$552,759</b>	<b>\$0</b>	<b>\$7,988,706</b>	<b>\$493,569</b>	<b>\$0</b>	<b>\$7,929,516</b>	<b>\$15,918,222</b>
State/Other Special	5,833,955	305,371	0	6,139,326	281,578	0	6,115,533	12,254,859
Federal Special	1,601,992	247,388	0	1,849,380	211,991	0	1,813,983	3,663,363
<b>Total Funds</b>	<b>\$7,435,947</b>	<b>\$552,759</b>	<b>\$0</b>	<b>\$7,988,706</b>	<b>\$493,569</b>	<b>\$0</b>	<b>\$7,929,516</b>	<b>\$15,918,222</b>

**Program Description**

The Administration and Finance Division provides department-wide support for accounting, fiscal management, purchasing and property management, personnel, and federal aid administration. Additionally, the division provides information technology services to the agency and administers the sale of hunting, fishing, and other recreational licenses.

**Program Highlights**

Administration and Finance Division Major Program Highlights	
<ul style="list-style-type: none"> <li>The executive is requesting a conversion of contracted services to in-house support of the Automated Licensing System (ALS), which results in the addition of 18.00 FTE and a reduction in spending of \$330,000 over the biennium <ul style="list-style-type: none"> <li>Increased proprietary rates in the duplicating center are proposed for FY 2007</li> <li>Increased proprietary rates for some department equipment are proposed for FY 2006 and 2007</li> </ul> </li> <li>Other increases are due to statewide adjustments</li> </ul>	
Major LFD Issues	
<ul style="list-style-type: none"> <li>The department lacks a detailed month-to-month transition plan to bring ALS support in house</li> </ul>	



**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommend by the Governor.

Program Funding Table						
Administration & Finance						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
02086 Mountain Sheep Account	\$ 16,000	0.2%	\$ 30,000	0.4%	\$ 30,000	0.4%
02112 Moose Auction	1,725	0.0%	1,725	0.0%	1,725	0.0%
02409 General License	5,813,605	78.2%	6,005,324	75.2%	5,981,531	75.4%
02547 Search & Rescue	-	-	99,652	1.2%	99,652	1.3%
02559 Mule Deer Auction	625	0.0%	625	0.0%	625	0.0%
02560 Elk Auction	2,000	0.0%	2,000	0.0%	2,000	0.0%
03097 Fedl Fish(W/B) Wildlife(P/R)	610,925	8.2%	948,224	11.9%	934,798	11.8%
03404 Overhead	991,067	13.3%	901,156	11.3%	879,185	11.1%
Grand Total	<u>\$ 7,435,947</u>	<u>100.0%</u>	<u>\$ 7,988,706</u>	<u>100.0%</u>	<u>\$ 7,929,516</u>	<u>100.0%</u>

The Administration and Finance Division is funded from the general license account and revenues received through applying an assessment to federal grants and non-federal account to recover overhead costs. These sources provide the funding for the services provided to other divisions within the department. The Management and Field Services divisions are partially funded in the same manner. The assessment rate for the 2007 biennium from non-federal sources is 10.8 percent for operations and 3.5 percent for capital. The federal rate is negotiated on an annual basis. The current rate for federal funds is 17.8 percent.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				152,767					153,395
Vacancy Savings				(112,209)					(112,240)
Inflation/Deflation				(65,254)					(65,320)
Fixed Costs				623,886					564,165
<b>Total Statewide Present Law Adjustments</b>				<b>\$599,190</b>					<b>\$540,000</b>
DP 101 - Sheep Auction Commission									
0.00	0	14,000	0	14,000	0.00	0	14,000	0	14,000
DP 103 - Seasonal Overtime									
0.00	0	8,099	0	8,099	0.00	0	8,099	0	8,099
DP 104 - Automated License System Operations Transition									
18.00	0	(92,500)	(75,682)	(168,182)	18.00	0	(92,500)	(75,682)	(168,182)
DP 105 - Search and Rescue Transfer									
0.00	0	99,652	0	99,652	0.00	0	99,652	0	99,652
<b>Total Other Present Law Adjustments</b>									
<b>18.00</b>	<b>\$0</b>	<b>\$29,251</b>	<b>(\$75,682)</b>	<b>(\$46,431)</b>	<b>18.00</b>	<b>\$0</b>	<b>\$29,251</b>	<b>(\$75,682)</b>	<b>(\$46,431)</b>
Grand Total All Present Law Adjustments				<b>\$552,759</b>					<b>\$493,569</b>

DP 101 - Sheep Auction Commission - The executive budget includes a request to hire a conservation organization to auction a bighorn sheep license. This funding would restore authority to the highest prior bid. Accounting standards require the department to record the 10 percent commission earned from the sale of licenses as an expenditure in accounting records. In prior years the sheep permit has sold for up to \$300,000, and the winning bid in 2004 was \$160,000.

**LFD  
ISSUE**

The winning bids for the past five fiscal years average out to \$115,520, which translates to an average commission of \$ 11,552. The base budget includes the authority to pay a commission up to \$16,000. Therefore, the requested amount is not only significantly above the last winning bid, but the five-year average, as well. The legislature may wish to reduce the total to a level more in keeping with historical levels.

DP 103 - Seasonal Overtime - The executive requests funding to maintain current budget levels for overtime, since overtime pay does not carry forward. This adjustment continues the FY 2004 spending level into FY 2006 and FY 2007. The overtime is used in lieu of adding staff during peak workload periods in the areas of licensing, payroll, budget, claims and accounting.

DP 104 - Automated License System Operations Transition - The executive is proposing to transition from contracted technology services to in-house support for the Automated Licensing System (ALS) that processes over 1.5 million license items annually. The current contract expires February 28, 2006.

**LFD  
ISSUE**

This decision package would transition the automated licensing system from contracted IT services and support to an in-house staff operation in the areas of help desk, programming, data analysis and security, hardware support, and customer service for approximately 400 Montana businesses that sell FWP licenses. The transition would replace the system's help desk currently located in Phoenix AZ, and eliminate the need for offshore subcontracted services by utilizing a centralized operation in Helena. Issues with the current vendor have included the inability to have work completed in a timely manner, scheduling issues due to time differences, cultural issues, inflated invoicing, and refusal to provide training to vendors in local communities.

The decision package presents this option as a negative adjustment, as it is the net affect of two actions. First, the department is seeking to hire 18.00 FTE to compensate for the elimination of contracted services, resulting in a 2007 biennial cost of \$1.6 million. Second, the elimination of contracted services reduces costs by \$1.9 million, for a negative adjustment of \$0.3 million over the 2007 biennium.

There are several issues with this decision package:

- 1) Timing. The contract terminates on February 28, 2006, which is two-thirds of the way through the fiscal year. The decision package is based on fully funding 18.00 FTE for FY 2006 and removing all contracted services costs for FY 2006. The department chose this method of budgeting to keep the decision package simple, but it does not take into account the overlapping costs of contracts and hiring of FTE.
- 2) Detailed transition plan. The department has developed a transition timeline for this conversion. At this writing, the timeline is still in a high level format and details of the transition have yet to be worked out.
- 3) Continued costs. This decision package is based upon a reduction in cost for this biennium only. The department has not reviewed long-term costs of moving from contracted to in-house services. The department has determined that 75 percent of future ALS operating costs will be personal services.

The legislature may wish to seek additional information from the department concerning:

- How the transition will be executed
- The long term costs associated with in-house support of the ALS system

DP 105 - Search and Rescue Transfer - The executive requests an adjustment to provide the authority needed to meet the intent of SB 112 of the 2003 legislature for costs associated with search and rescue missions for hunters, anglers, and trappers. SB 112 provided for the surcharge of \$0.25 per conservation license to fund these activities. The bill was not effective until March 1, 2004, providing only one-third of the annual expenditures in the base year. This request would allow for a full year of funds to be transferred to the Disaster and Emergency Services Division of the Department of Military Affairs who, in turn, reimburses the local search and rescue organizations.

**LFD  
COMMENT**

Excess funds in the search and rescue account are transferred to the general license account at the end of the fiscal year. Please see the agency wide issue on the general license account.

**Proprietary Rates****Program Description**

There are three proprietary functions within this division:

*Duplicating Center*

The department's duplicating center provides duplicating and bindery services to department employees. The Duplicating Center has 1.00 FTE and, whenever the demand for services becomes too great or a particular job is considered too large, the excess jobs are taken to Publications & Graphics to be completed.

*Equipment Enterprise Fund*

The department's equipment fund provides a fleet of vehicles and aircraft to department employees. The revenue users are department employees, mostly enforcement wardens, fish and wildlife biologists and park employees. Every month, users are charged for the miles driven (hours flown) during the previous month.

*Warehouse Inventory*

The department's warehouse contains mainly uniform items (both for wardens and non-wardens) and items specifically related to the duties of the department such as gill nets for the fisheries biologists. Overhead costs are recovered by charging a predetermined fixed percentage to all sales.

**Revenues and Expenses***Duplicating Center*

Expenses recovered in the rates are the personal services of the 1.00 FTE, operating expenses and the raw materials needed for duplicating. Rates have been historically adjusted based on the need to increase or decrease the cash balances in the account. Prior to requesting new rates, a review of the cash balance is done. At the end of FY 2004, the cash balance was \$23,938.

The 60-day working capital requirement provides sufficient cash to fund on-going operations of this program. Field projects are billed monthly for the services provided during the month. The workload is fairly consistent so there is little fluctuation in cash balances except when additional inventory is purchased.

A portion of the program's fund balance has been reserved for the duplicating center's equipment and inventory. At the end of FY 2004 the book value of the fund's assets was \$19,182 and the fund had \$8,585 in inventory.

*Equipment Enterprise Fund*

The objective of the vehicle account is to recover (through rates and annual auction revenues) sufficient funds to cover administrative costs to operate the program (personal services and operations) in addition to being able to replace fleet vehicles at approximately 100,000 miles. A total of 2.06 FTE are funded in this fund. The two largest costs are fuel and repairs. In FY 2004 the fund spent \$675,000 on fuel and \$500,000 on repairs. In FY 2004 the department drove just over 5.0 million miles in department vehicles while the 10-year average is 4.95 million miles. Due to a 3 percent rate increase in FY 2005 and the proposed rate increases in FY 2006 and 2007, the program anticipates revenues of \$2.5 million in both FY 2006 and 2007. These amounts are increases of approximately 3 percent over base year fee revenue.

The department attempts to manage this account so that a 60-day working capital amount of cash is available when the cash balance is at its lowest level. To compensate for a cash flow problem created by keeping rates artificially low, rates were increased 25 percent in FY 2002, 15 percent in FY 2003, 6 percent in FY 2004 and 3 percent in FY 2005. The department attempts to ensure that fees are commensurate with costs over time. It does this in two ways. First, proposed rates for the next biennium take into consideration any excess income or loss generated from previous periods. Second, prior to finalizing new rates at the beginning of a new fiscal year, the rates are recalculated based on actual information.

In order to maintain a positive cash balance, during the past 4 years, the vehicle fund needed a \$300,000 loan from another fund. This was repaid in FY 2005. Working capital at the end of FY 2004 was \$237,000.

Divisions are billed monthly for the miles driven (hours flown) during the previous month. Cash balances fluctuate during the year for two reasons. The first is that monthly mileage is greater during in the summer and fall than during the winter and spring. The second reason is that new vehicles are purchased in the spring. Thus cash balances are normally highest in December after the hunting season and lowest in the spring after purchasing the new vehicles. Fiscal year end balances tend to be significantly higher than spring balances.

There is no requirement to reserve fund balance. At the end of FY 2004, the vehicle fund had total assets of \$6,964,000 and the book value (original cost less accumulated depreciation) of the fleet was \$6,566,000. The major liability was a \$300,000 loan to ensure positive cash balance at year-end and was repaid in FY 2005. As stated above, working capital at the end of FY 2004 was \$237,000. A portion of the program's fund balance has been reserved for the book value of department vehicles and aircraft.

#### *Warehouse Inventory*

The expenses associated with the warehouse include personal services, miscellaneous office supplies and expenses for the warehouse worker and inventory purchased as needed to replenish existing stock. Revenues are the sales of inventory items to department employees. The department anticipates revenues to be approximately \$90,000 per year for FY 2006 and FY 2007. Beginning in FY 2002, 0.20 FTE are supported with this program.

The 60-day working capital requirement provides sufficient cash to fund on-going operations of this program. The department attempts to ensure that fees are commensurate with costs over time by adjusting the proposed rates for excess income or loss from previous periods.

Field projects are billed monthly for the purchases made during the month. Cash balances fluctuate during the year. Cash balances are lowest during the winter when stock is replenished and highest during the summer when temporary and seasonal employees are hired.

A portion of the program's fund balance has been reserved for the warehouse inventory. At the end of FY 2004, the warehouse inventory was \$114,600.

#### **Rate Explanation**

##### *Duplicating Center*

The rate methodology attempts to determine a rate for various duplicating and bindery services that allow the fund to recover both the cost of the raw materials and all associated personal services and operating costs. Rates have been historically adjusted based on the need to increase or decrease the cash balance. The requested rates have been increased only to recover anticipated inflationary increases in the raw materials and administrative costs. The rates have remained constant for the past four years.

Item	FY 2006	FY 2007
<u>Copies</u>		
1-20	\$0.045	\$0.050
21-100	\$0.030	\$0.035
101-1000	\$0.025	\$0.030
1001-5000	\$0.020	\$0.025
Color Copies – per sheet	\$0.250	\$0.250
<u>Binding</u>		
Collating (per sheet)	\$0.005	\$0.005
Hand Stapling (per set)	\$0.015	\$0.015
Saddle Stitch (per set)	\$0.030	\$0.030
Folding (per sheet)	\$0.005	\$0.005
Punching (per sheet)	\$0.001	\$0.001
Cutting (per minute)	\$0.550	\$0.550

*Equipment*

The rate methodology attempts to determine a cost/mile rate for various classes of vehicles and a cost/hour rate for each class of aircraft. The methodology is to determine the previous year's expenses, including operating, maintenance, administration and depreciation expenses minus the previous year's revenue generated from the rates and the annual vehicle auction to establish the net income for a particular class. Next the life to date (LTD) net income or loss on a per mile (hour) basis is determined. Future year expenses are estimated based on the most current year's information plus a 3 percent inflationary factor. Using the most current year's mileage and the projected expenses, a cost/mile (hour) rate is determined for the future year. This rate is adjusted for any LTD net income or loss. In an attempt to minimize large increases or decreases, rates would not change more than 25 percent per year (10 percent for aircraft).

In addition, a minimum mileage rate was instigated in FY 2000. This was an attempt to recover overhead costs whether a vehicle is driven or not. A minimum monthly overhead charge would be assessed to each vehicle that is not driven does not maintain the class average mileage. By using this method, the overhead costs are recovered and low mileage vehicles are not being subsidized by higher mileage vehicles.

Each year, department employees drive over 5.0 million miles in department owned vehicles. The department currently has a fleet of over 400 vehicles, which are mainly used by enforcement officers, fish and wildlife biologists and parks employees. The department's request for vehicle replacement is for 45 vehicles in both FY 2006 and 2007. This is based on replacing vehicles after a minimum of 100,000 miles. Annually, the department auctions these vehicles and replaces them with new vehicles. Historically, the department has replaced 40 to 45 vehicles each year. This replacement schedule does not require a present law adjustment.

Description	FY 2006	FY 2007
<u>Per Mile Rates</u>		
Sedans	\$0.30	\$0.30
Vans	\$0.33	\$0.33
Utilities	\$0.37	\$0.37
Grounds Maintenance	\$1.05	\$1.10
Pickup 1/2 Ton	\$0.32	\$0.32
Pickup 3/4 Ton	\$0.37	\$0.37
<u>Per Hour Rates</u>		
2 Place Single Engine	\$59.56	\$62.54
Partnavia	\$283.60	\$297.78
Turbine Helicopters	\$363.01	\$363.01

Vehicles would be assessed a minimum overhead charge if not driven a minimum number of miles in addition to the regular rates.

In FY 2000, the department realized that they had a cash flow problem in the vehicle account. This arose from keeping the rates artificially low in an attempt to show that rates were commensurate with costs. The 2001 legislature provided the department with a rate increase of 25 percent in FY 2002 and 15 percent in FY 2003. Similarly, the 2003 legislature provide the department with a 6 percent rate increase in FY 2004 and 3 percent rate increase in FY 2005. At the end of FY 2004, the department's cash flow problem has been resolved. The proposed rates for FY 2006 and FY 2007 have been adjusted to recover inflationary increases.

*Warehouse Inventory*

The rate requested for the warehouse is an overhead rate that is added to the cost of the inventory items. The overhead rate would generate sufficient revenue to cover the administrative costs of the program.

In order to fund 0.20 FTE for a warehouse worker, the 2003 legislature approved a 5 percent fixed overhead rate for FY 2004 and 2005. The executive is requesting a 5 percent overhead rate for FY 2006 and 2007. The rate was calculated by estimating the support costs required to maintain the warehouse function such as personal services, office supplies and other miscellaneous office costs. Based on estimated warehouse sales, a fixed overhead percentage is determined that allows the department to recover the warehouse support costs. This rate is also adjusted for any previous over or under collections.

## 2007 Biennium Report on Internal Service and Enterprise Funds 2007

Fund	Fund Name	Agency #	Agency Name	Program Name
06501	Duplicating Center	5201	Fish Wildlife & Parks	Administration & Finance Division

	Actual FY02	Actual FY03	Actual FY04	Budgeted FY05	Budgeted FY06	Budgeted FY07
<b>Operating Revenues:</b>						
Fee revenue						
Revenue from Duplicating Services	-	-	-	85,000	85,000	85,000
Net Fee Revenue	76,851	85,752	95,176	85,000	85,000	85,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	76,851	85,752	95,176	85,000	85,000	85,000
<b>Operating Expenses:</b>						
Personal Services	26,157	28,839	29,267	30,454	29,484	29,711
Other Operating Expenses	50,022	51,206	57,474	54,671	53,130	53,126
Total Operating Expenses	76,179	80,045	86,741	85,125	82,614	82,837
Operating Income (Loss)	672	5,707	8,435	(125)	2,386	2,163
<b>Nonoperating Revenues (Expenses):</b>						
Gain (Loss) Sale of Fixed Assets	-	(538)	1,200	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	(538)	1,200	-	-	-
Income (Loss) Before Operating Transfers	672	5,169	9,635	(125)	2,386	2,163
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	672	5,169	9,635	(125)	2,386	2,163
Total Net Assets- July 1 - As Restated	22,641	48,313	53,482	63,117	50,992	53,378
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	25,000	-	-	-	-	-
Total Net Assets - July 1 - As Restated	47,641	48,313	53,482	63,117	50,992	53,378
Net Assets- June 30	48,313	53,482	63,117	62,992	53,378	55,541
60 days of expenses (Total Operating Expenses divided by 6)	12,697	13,341	14,457	14,188	13,769	13,806

## 2007 Biennium Report on Internal Service and Enterprise Funds 2007

Fund	Fund Name	Agency #	Agency Name	Program Name		
06502	Equipment Enterprise Fund	5201	Fish Wildlife & Parks	Field Services Division		
					Actual FY02	Actual FY03
					Actual FY04	Budgeted FY05
					Budgeted FY06	Budgeted FY07
<b>Operating Revenues:</b>						
Fee revenue						
Revenue from Vehicle Fees					-	-
Revenue from Aircraft Fees					-	-
Net Fee Revenue					1,739,119	2,028,146
Investment Earnings					-	-
Securities Lending Income					-	-
Premiums					-	-
Other Operating Revenues					201,944	-
Total Operating Revenue					1,941,063	2,028,146
<b>Operating Expenses:</b>						
Personal Services					70,981	73,870
Other Operating Expenses					2,714,788	1,785,616
Total Operating Expenses					2,785,769	1,859,486
Operating Income (Loss)					(844,706)	168,660
<b>Nonoperating Revenues (Expenses):</b>						
Gain (Loss) Sale of Fixed Assets					(192,594)	(49,190)
Federal Indirect Cost Recoveries					-	-
Other Nonoperating Revenues (Expenses)					-	-
Net Nonoperating Revenues (Expenses)					(192,594)	(49,190)
Income (Loss) Before Operating Transfers					(1,037,300)	119,470
Contributed Capital					-	-
Operating Transfers In (Note 13)					240,356	136,975
Operating Transfers Out (Note 13)					-	-
Change in net assets					(796,944)	256,445
Total Net Assets- July 1 - As Restated					3,574,702	5,159,745
Prior Period Adjustments					-	1,035,143
Cumulative effect of account change					2,381,987	-
Total Net Assets - July 1 - As Restated					5,956,689	6,194,888
Net Assets- June 30					5,159,745	6,451,333
60 days of expenses (Total Operating Expenses divided by 6)					464,295	309,914

## 2007 Biennium Report on Internal Service and Enterprise Funds 2007

Fund	Fund Name	Agency #	Agency Name	Program Name				
06503	SWP Warehouse Inventory	5201	Fish Wildlife & Parks	Administration & Finance Division				
			Actual FY02	Actual FY03	Actual FY04	Budgeted FY05	Budgeted FY06	Budgeted FY07
<b>Operating Revenues:</b>								
Revenue								
Revenue from Warehouse Sales			-	-	-	-	-	-
Net Fee Revenue			89,193	90,967	103,141	80,000	80,000	80,000
Investment Earnings			-	-	-	-	-	-
Securities Lending Income			-	-	-	-	-	-
Premiums			-	-	-	-	-	-
Other Operating Revenues			-	3	-	-	-	-
Total Operating Revenue			89,193	90,970	103,141	80,000	80,000	80,000
<b>Operating Expenses:</b>								
Personal Services			5,813	4,062	4,692	4,427	4,518	4,504
Other Operating Expenses			83,799	94,528	81,118	58,835	74,140	74,118
Total Operating Expenses			89,612	98,590	85,810	63,262	78,658	78,622
Operating Income (Loss)			(419)	(7,620)	17,331	16,738	1,342	1,378
<b>Nonoperating Revenues (Expenses):</b>								
Gain (Loss) Sale of Fixed Assets			-	-	(9,283)	-	-	-
Federal Indirect Cost Recoveries			-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)			-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)			-	-	(9,283)	-	-	-
Income (Loss) Before Operating Transfers			(419)	(7,620)	8,048	16,738	1,342	1,378
Contributed Capital			-	-	-	-	-	-
Operating Transfers In (Note 13)			-	-	-	-	-	-
Operating Transfers Out (Note 13)			-	-	-	-	-	-
Change in net assets			(419)	(7,620)	8,048	16,738	1,342	1,378
Total Assets- July 1 - As Restated			120,710	205,741	198,121	206,169	206,407	207,749
Prior Period Adjustments			-	-	-	-	-	-
Cumulative effect of account change			85,450	-	-	-	-	-
Total Assets - July 1 - As Restated			206,160	205,741	198,121	206,169	206,407	207,749
Assets- June 30			205,741	198,121	206,169	222,907	207,749	209,127
<b>Operating Expenses</b>								
Operating Expenses divided by 6)			14,935	16,432	14,302	10,544	13,110	13,104



**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	42.60	(4.30)	0.00	38.30	(10.63)	0.00	31.97	31.97
Personal Services	1,823,405	(27,320)	0	1,796,085	(210,061)	0	1,613,344	3,409,429
Operating Expenses	5,739,537	(1,326,088)	30,000	4,443,449	(3,453,240)	30,000	2,316,297	6,759,746
Equipment	13,306	0	0	13,306	0	0	13,306	26,612
Benefits & Claims	14,975	0	0	14,975	0	0	14,975	29,950
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$7,591,223</b>	<b>(\$1,353,408)</b>	<b>\$30,000</b>	<b>\$6,267,815</b>	<b>(\$3,663,301)</b>	<b>\$30,000</b>	<b>\$3,957,922</b>	<b>\$10,225,737</b>
State/Other Special	6,831,042	(1,397,073)	30,000	5,463,969	(3,388,896)	30,000	3,472,146	8,936,115
Federal Special	760,181	43,665	0	803,846	(274,405)	0	485,776	1,289,622
<b>Total Funds</b>	<b>\$7,591,223</b>	<b>(\$1,353,408)</b>	<b>\$30,000</b>	<b>\$6,267,815</b>	<b>(\$3,663,301)</b>	<b>\$30,000</b>	<b>\$3,957,922</b>	<b>\$10,225,737</b>

**Program Description**

The Field Services Division provides services in five areas.

- The Landowner Sportsman Relations and Block Management Program: 1) establishes and maintains communications with user and resource-based organizations and individuals; 2) administers the Livestock Loss Reimbursement Program; and 3) administers the Block Management Program, which provides recreational access on private property
- The Game Damage Program provides assistance to landowners in minimizing impacts of game animals to property and crops
- The Design and Construction Bureau provides architectural and engineering services for construction and maintenance projects at state parks, state fishing access sites, and wildlife management areas
- The Aircraft Unit provides aerial mountain lake surveys and fish planting, wildlife surveys, wildlife capture and marking, and transportation for the department
- The Land Unit is responsible for the real estate functions of the department, including conservation easements, acquisition and disposal of real estate and real property, and management of all permanent land records

**Program Highlights**

Field Services Division Major Program Highlights	
<ul style="list-style-type: none"> <li>• The funding for the Hunting Access Enhancement Program providing hunting access to public and private lands sunsets March 1, 2006, causing a reduction in the proposed budget of \$4.6 million over the biennium</li> <li>• The executive is seeking funding for urban wildlife control and to compensate the school trust for recreational use of trust lands</li> </ul>	
Major LFD Issues	
<ul style="list-style-type: none"> <li>• The executive's request for property tax funding is overstated</li> </ul>	

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommend by the Governor.

Program Funding Table						
Field Services Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
02334 Market Based Combo Sales	\$ 4,379,268	57.7%	\$ 2,320,216	37.0%	\$ -	-
02408 Coal Tax Trust Account	34,839	0.5%	34,844	0.6%	34,844	0.9%
02409 General License	2,385,154	31.4%	3,077,128	49.1%	3,405,521	86.0%
02469 Habitat Trust Interest	31,781	0.4%	31,781	0.5%	31,781	0.8%
03097 Fedl Fish(W/B) Wildlife(P/R)	452,041	6.0%	488,441	7.8%	178,061	4.5%
03404 Overhead	308,140	4.1%	315,405	5.0%	307,715	7.8%
Grand Total	<u>\$ 7,591,223</u>	<u>100.0%</u>	<u>\$ 6,267,815</u>	<u>100.0%</u>	<u>\$ 3,957,922</u>	<u>100.0%</u>

The Field Services Division's primary funding sources are portions of the variable-rate hunting license sales and the general license account. Lesser amounts come from the Coal Tax Trust interest (for the acquisition, development, operations and maintenance of state parks) and the Wildlife Habitat Trust interest. Federal funds consist of Pittman-Robertson (PR) funds derived from excise taxes on sporting firearms and ammunition. This fund requires a minimum non-federal match of 25 percent. The division receives a portion of the indirect cost assessment on non-federal funds established at 10.8 percent for operational expenditures and 3.5 percent for capital expenditures. The federal overhead rate of 17.8 percent is applied to federal grants, including Pittman-Robertson funds. These assessments are managed through non-budgeted transfers into the general license account from which all expenses are paid.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				173,400					174,224
Vacancy Savings				(79,871)					(79,907)
Inflation/Deflation				(445)					(622)
Fixed Costs				2,251					2,386
<b>Total Statewide Present Law Adjustments</b>				<b>\$95,335</b>					<b>\$96,081</b>
DP 201 - Block Management									
(4.30)	0	(2,081,947)	0	(2,081,947)	(10.63)	0	(4,041,713)	(323,237)	(4,364,950)
DP 202 - General Recreation Use of State Lands									
0.00	0	460,000	0	460,000	0.00	0	460,000	0	460,000
DP 203 - Taxes									
0.00	0	34,956	36,400	71,356	0.00	0	59,463	49,257	108,720
DP 205 - Public Wildlife Interface Biennial									
0.00	0	45,211	0	45,211	0.00	0	(19,789)	0	(19,789)
DP 206 - Net Client Hunter Use - Restricted									
0.00	0	37,539	0	37,539	0.00	0	37,539	0	37,539
DP 209 - Internal Service Rate Adjustment									
0.00	0	19,098	0	19,098	0.00	0	19,098	0	19,098
<b>Total Other Present Law Adjustments</b>									
<b>(4.30)</b>	<b>\$0</b>	<b>(\$1,485,143)</b>	<b>\$36,400</b>	<b>(\$1,448,743)</b>	<b>(10.63)</b>	<b>\$0</b>	<b>(\$3,485,402)</b>	<b>(\$273,980)</b>	<b>(\$3,759,382)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>(\$1,353,408)</b>					<b>(\$3,663,301)</b>

DP 201 - Block Management - The executive budget includes a reduction in authority for the Hunting Access Enhancement Program, including Block Management (private land access) and Access Montana (public land access), as statute providing authority and funding for this program terminates on March 1, 2006. This decision package removes approximately one-half of the budget authority and FTE in the program in FY 2006 to allow for phase-out of the program in the fall of 2005. The remaining program funding and FTE is removed from the budget in the second year of the biennium.

# **LFD COMMENT**

The Hunting Access Enhancement Program (HAEP) was established in 1985 and significantly expanded in 1996. Under HAEP statutes three programs: Block Management (private land access), Access Montana (public land access), and Special Access Projects (localized species-specific projects) are set to terminate on March 1, 2006.

A cooperative program between private landowners and the department, block management helps landowners manage hunting activities and provides the public with free hunting access to private land, and sometimes to adjacent or isolated public lands. Block management addresses fall hunting only, spring bear and turkey hunting access are not included in the program. There is no charge to hunt on block management lands (referred to as Block Management Areas or BMAs). Program funding comes from the sale of various licenses, including the resident and nonresident hunting access enhancement fee; nonresident upland gamebird licenses; and nonresident variable-priced, outfitter-sponsored combination deer/elk licenses. Landowner participation in block management is voluntary. Contracts are negotiated annually in the spring and summer, and thus some fluctuations in enrolled acreage occur from year to year. For the 2004 hunting season, approximately 1,250 landowners have enrolled nearly 8.8 million acres of land in the Block Management Program.

Enrolled landowners are provide with various benefits for enrolling land in the program, including compensation (\$12,000 per year maximum), a AAA Sportsman's License ( or in the case of a nonresident landowner, a non resident combination license or compensation, but not both), limited liability protection, livestock loss reimbursement, assistance with noxious weed control, and various hunter management tools. The tools can include signs, maps, permission slips, and in some cases assistance of seasonal department staff to help manage the block management area.

Access Montana was created in 2000 to improve access to state and federal lands and to help reduce the conflicts that arise when sportsmen utilize public lands. Program funding is used for agreements that provide access corridors to public lands; land owner incentives like fencing, cattle guards, and water crossings on access routes; signing to indicate public/private land boundaries; and increased patrolling where appropriate. The department relies on a cooperative approach that considers the needs of landowners, sportsmen, and land managers to resolve conflicts over access to state and federal lands.

The Special Access Projects Program was started in 2001 to focuses on regional species-specific hunting access needs. For example, landowners, sportsmen, and department staff work together to find innovative ways to manage wildlife and increase hunting access. Regional projects have focused on improving access for elk, pheasant, waterfowl and spring turkey hunting. The termination of statute affects the authority to operate all three of the programs, including the ability to provide compensation to landowners, allow for complimentary hunting licenses to landowners, provide additional payments for noxious weed control, provide authority for the non-resident variable-priced outfitter sponsored licenses, collect fees to fund enhanced access, and ear-mark a portion of the non-resident upland bird license to fund the program.

Legislation to reauthorize the Hunting Access Enhancement Program will be introduced. If the legislation passes, contingency language for HB2 will be developed to fund the program at the appropriate level.

**LFD  
ISSUE**

The decision package will remove \$4.4 million in funding for the Hunting Access Enhancement Program from the department's base. FY 2004 base budget expenditures were \$4.6 million. Therefore, the legislature may wish to adjust the decision package to remove the entire base budget.

DP 202 - General Recreation Use of State Lands - The executive is requesting an increase in budget authority to compensate the School Trust for recreational use of school lands. The 2003 legislature enacted SB 130, which replaced the recreational use license for trust land with compensation to the school trust from the department calculated at \$2 per every conservation license sold. The legislation took effect with the March 2004 license year, thus only one payment was made to the School Trust in the base year.

**LFD  
COMMENT**

Total payments in FY 2004 were \$47,017. The additional authority provides for a total yearly payment of \$507,017 in the 2007 biennium.

DP 203 - Taxes - The department pays taxes on all land and administrative facilities owned or leased by the department at the same rate as private individuals. The executive is requesting restoration of one-time authority of \$18,437 granted in the 2003 Legislature and an increase in authority to account for increases in tax liabilities. This proposal would provide budget authority to cover anticipated tax liabilities of \$371,838 in FY 2006 (tax year 2005) and \$409,023 in FY 2007 (tax year 2006).

**LFD  
ISSUE**

The request for additional authority is over-stated. The FY 2004 base for taxes is \$376,127. When the requested adjustments are added to the base, the requested authority for FY 2006 is \$447,483 and \$484,847 for FY 2007. This decision package provides excess authority of \$75,645 in FY 2006 and \$75,824 in FY 2007 based on anticipated tax liabilities. The legislature may wish to adjust the decision package to only the amount needed.

DP 205 - Public Wildlife Interface Biennial - The executive budget includes an adjustment to carry forward the division's existing biennial appropriation for Public Wildlife Interface into the 2007 biennium. No change from the previously approved base budget is being requested. The total biennial amount is \$65,000.

DP 206 - Net Client Hunter Use - Restricted - The executive budget includes a request to restore funding for the department to analyze the impacts of applications for an increase in net client hunting use by outfitters. The number of applications and precise budgetary needs for the long-term are uncertain, and therefore this decision package restores authority to the \$40,000 level approved by the 2003 Legislature.

**LFD  
ISSUE**

The department provides an analysis of the affects of the net client hunting use expansion application. This is the process utilized by outfitters to increase the limit on the number of clients they may serve. This process includes the soliciting of public comments. The department had two requests for net client hunter use reviews in FY 2004. Expenditures for those reviews totaled \$2,460. Similar expenditures occurred in FY 2003 of \$2,674 and FY 2002 of \$3,155. The average annual cost of these reviews is \$2,763. Consequently, the request is higher than the previous expenditure levels. The executive is requesting \$40,000 in restricted authority each year of the biennium, approximately \$37,237 more than the annual average cost. The legislature may wish to adjust the decision package to only the amount needed.

The department receives a portion of outfitter fees that are deposited to the general license account. The net client hunting use review activity is funded solely with general license dollars. Please see the agency-wide issue on the general license account.

DP 209 - Internal Service Rate Adjustment - The department manages a fleet of vehicles and aircraft for department use. Program staff who use department vehicles are assessed a fee for the miles driven or hours flown. The revenue generated from the vehicle rates is used to maintain the department's fleet and to replace existing vehicles as needed. The requested amount represents anticipated usage at the proposed 2007 rate.

### New Proposals

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 208 - Urban Wildlife										
02	0.00	0	30,000	0	30,000	0.00	0	30,000	0	30,000
Total	0.00	\$0	\$30,000	\$0	\$30,000	0.00	\$0	\$30,000	\$0	\$30,000

DP 208 - Urban Wildlife - The executive is requesting \$30,000 to assist cities and towns in planning and implementing urban wildlife control. Statute 7-31-4110 MCA states that a city or town may adopt a plan to control, remove, and restrict game animals within boundaries of the city or town limits for public health and safety purposes. The department is required by statute to review and approve the plan.

**LFD  
ISSUE**

This request is funded solely with the general license account. Please see the agency-wide issue on the general license account.

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	142.02	1.00	3.00	146.02	1.00	3.00	146.02	146.02
Personal Services	6,199,430	523,650	1,276,604	7,999,684	526,886	1,276,511	8,002,827	16,002,511
Operating Expenses	3,584,954	78,183	1,325,403	4,988,540	70,683	1,325,496	4,981,133	9,969,673
Equipment	217,165	10,000	125,000	352,165	0	125,000	342,165	694,330
Grants	30,000	0	0	30,000	0	0	30,000	60,000
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$10,031,549</b>	<b>\$611,833</b>	<b>\$2,727,007</b>	<b>\$13,370,389</b>	<b>\$597,569</b>	<b>\$2,727,007</b>	<b>\$13,356,125</b>	<b>\$26,726,514</b>
State/Other Special	3,635,112	193,625	477,007	4,305,744	189,704	477,007	4,301,823	8,607,567
Federal Special	6,396,437	418,208	2,250,000	9,064,645	407,865	2,250,000	9,054,302	18,118,947
<b>Total Funds</b>	<b>\$10,031,549</b>	<b>\$611,833</b>	<b>\$2,727,007</b>	<b>\$13,370,389</b>	<b>\$597,569</b>	<b>\$2,727,007</b>	<b>\$13,356,125</b>	<b>\$26,726,514</b>

**Program Description**

The Fisheries Division is responsible for preserving and perpetuating aquatic species and their ecosystems and for meeting public demand for fishing opportunities and aquatic wildlife stewardship. The division formulates and implements policies and programs that emphasize management for wild fish populations and the protection and restoration of habitat necessary to maintain these populations. The program:

- 1) Operates a hatchery program to stock lakes and reservoirs where natural reproduction is limited
- 2) Regulates angler harvests
- 3) Monitors fish populations
- 4) Provides and maintains adequate public access.

**Program Highlights**

<b>Fisheries Division Major Program Highlights</b>
<ul style="list-style-type: none"> <li>Funding to establish fish production at the Fort Peck Hatchery is requested at \$0.5 million per year</li> <li>Legislative contract authority would add \$4.5 million</li> <li>Statewide adjustments add the bulk of the remaining increase</li> </ul>
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>The executive is requesting \$2.25 million in legislative contract authority each year of the biennium</li> </ul>

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommend by the Governor.

Program Funding Table						
Fisheries Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
02000 State/Other Special Rev. Funds	\$ 3,635,112	36.2%	\$ 4,305,744	32.2%	\$ 4,301,823	32.2%
03000 Federal Spec. Rev. Funds	6,396,437	63.8%	9,064,645	67.8%	9,054,302	67.8%
Grand Total	<u>10,031,549</u>	<u>100.0%</u>	<u>13,370,389</u>	<u>100.0%</u>	<u>13,356,125</u>	<u>100.0%</u>

The division is funded with 63 percent federal revenues, the largest source of which is the Wallup-Breaux program for sport fish restoration. (See the agency wide issue on federal funding for a detailed explanation.) General license dollars contribute 36 percent of the division's funding. The balance of funding comes from a portion of the division indirect cost rate and proceeds from the sale of paddlefish roe.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				765,004					768,404
Vacancy Savings				(278,576)					(278,712)
Inflation/Deflation				9,256					6,735
Fixed Costs				77					98
<b>Total Statewide Present Law Adjustments</b>				<b>\$495,761</b>					<b>\$496,525</b>
DP 302 - Lower Yellowstone River Operations									
0.00	0	0	11,250	11,250	0.00	0	0	11,250	11,250
DP 304 - Fisheries Field Technician									
1.00	0	15,556	46,666	62,222	1.00	0	11,798	35,396	47,194
DP 305 - USFWS Virology Contract									
0.00	0	5,000	15,000	20,000	0.00	0	5,000	15,000	20,000
DP 308 - Internal Service Rate Adjustment									
0.00	0	5,650	16,950	22,600	0.00	0	5,650	16,950	22,600
<b>Total Other Present Law Adjustments</b>									
<b>1.00</b>	<b>\$0</b>	<b>\$26,206</b>	<b>\$89,866</b>	<b>\$116,072</b>	<b>1.00</b>	<b>\$0</b>	<b>\$22,448</b>	<b>\$78,596</b>	<b>\$101,044</b>
Grand Total All Present Law Adjustments				\$611,833					\$597,569

DP 302 - Lower Yellowstone River Operations - The executive is seeking a funding switch for the Lower Yellowstone River Biologist position. One half of this biologist FTE is responsible for regional fisheries work including species inventory and management of paddlefish, sauger, and blue suckers, and the department contends it should be funded with federal fish Wallup-Breaux funding and general license dollars. The biologist is currently operating with Western Area Power Administration funding, specifically allocated for pallid sturgeon research.

**LFD  
COMMENT**

Wallop-Breaux (W-B) funding requires a 25 percent match. The department is not requesting the match for this funding switch as general license dollars will be reallocated within the budget for this purpose. For a detailed explanation of W-B funding, please see the agency-wide discussion on federal funding.

**DP 304 - Fisheries Field Technician** - The executive is requesting funding for fishery technicians who work under the direction of a biologist to perform the day to day field work that is the basis for fisheries management. The field technicians would provide field assistance to monitor and manage the state's fishery resource in regions three (0.50 FTE) and six (0.50 FTE).

**LFD  
ISSUE**

The FTE requested would be funded by federal Wallup-Breaux funds, which will require a 25 percent match. The match would be provided by the general license account. Please see the agency-wide issue on the general license account and federal funding.

**DP 305 - USFWS Virology Contract** - The executive is seeking additional funds for the department's contract with the U.S. Fish and Wildlife Service (USFWS) for laboratory support for fish health work that includes all laboratory diagnostics. Virology had been provided free-of-charge by USFWS, but beginning in FY 2006, USFWS will begin charging an estimated \$20,000 for virology services

**DP 308 - Internal Service Rate Adjustment** - The executive budget includes a request to adjust vehicle travel costs resulting from inflation and rate increase for the department's internal fleet of vehicles and aircraft. The additional revenue generated would be used to maintain the department's fleet and to replace existing vehicles as needed. The requested amount represents anticipated usage at the proposed 2007 rate.

**New Proposals**

New Proposals										
Program	FTE	Fiscal 2006				FTE	Fiscal 2007			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 301 - Fort Peck Hatchery Operations										
03	3.00	0	477,007	0	477,007	3.00	0	477,007	0	477,007
DP 306 - Short Term Federal Authority OTO										
03	0.00	0	0	2,250,000	2,250,000	0.00	0	0	2,250,000	2,250,000
Total	3.00	\$0	\$477,007	\$2,250,000	\$2,727,007	3.00	\$0	\$477,007	\$2,250,000	\$2,727,007

**DP 301 - Fort Peck Hatchery Operations** - The executive is requesting an increase in the hatchery operations budget to allow the facility to begin fish production and to add three to four fish culturists to staff and run the hatchery at full capacity. The 2003 Legislature approved an operations budget and the hiring of a hatchery manager to oversee construction of the Fort Peck Hatchery with the understanding that when the facility is completed in 2005 it will be necessary to hire staff to run the hatchery. Funding for this decision package is warm water fish stamp revenues.

**DP 306 - Short Term Federal Authority OTO** - The executive is requesting \$2.25 million per fiscal year in short-term contract authority for projects using federal funding.

**LFD  
ISSUE**

According to LFD records, during FY 2004 the department submitted nine budget amendments for the Fisheries Division totaling \$609,643. Please see the agency-wide issue on legislative contract authority.



**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	101.95	(2.50)	3.50	102.95	(5.00)	3.50	100.45	100.45
Personal Services	5,138,378	97,047	127,693	5,363,118	(26,665)	127,353	5,239,066	10,602,184
Operating Expenses	1,497,122	16,111	128,186	1,641,419	(17,597)	63,408	1,542,933	3,184,352
Equipment	72,248	0	0	72,248	0	0	72,248	144,496
Grants	35,400	0	0	35,400	(40,000)	0	(4,600)	30,800
<b>Total Costs</b>	<b>\$6,743,148</b>	<b>\$113,158</b>	<b>\$255,879</b>	<b>\$7,112,185</b>	<b>(\$84,262)</b>	<b>\$190,761</b>	<b>\$6,849,647</b>	<b>\$13,961,832</b>
State/Other Special	6,514,140	89,913	164,047	6,768,100	(78,192)	99,047	6,534,995	13,303,095
Federal Special	229,008	23,245	91,832	344,085	(6,070)	91,714	314,652	658,737
<b>Total Funds</b>	<b>\$6,743,148</b>	<b>\$113,158</b>	<b>\$255,879</b>	<b>\$7,112,185</b>	<b>(\$84,262)</b>	<b>\$190,761</b>	<b>\$6,849,647</b>	<b>\$13,961,832</b>

**Program Description**

The Law Enforcement Division is responsible for ensuring compliance with the department laws and regulations for the protection and preservation of big game animals, fur-bearing animals, fish, game birds, and other wildlife species. It also enforces laws and regulations relative to lands or waters under the jurisdiction and authority of the department such as parks, fishing access sites, and wildlife management areas, as well as those laws and regulations pertaining to boating, snowmobile, and all-terrain vehicle safety and registration. Other duties include administration of special purpose licenses, overseeing the department's licensing agents, and investigating wildlife damage complaints.

**Program Highlights**

Enforcement Division Major Program Highlights	
<ul style="list-style-type: none"> <li>The funding for the Hunting Access Enhancement Program sunsets March 1, 2006 causing a reduction in the proposed budget of \$440,000 over the biennium</li> <li>The executive is requesting 2.00 FTE to establish a Regional Investigator program to enhance investigational capacity</li> <li>On-going warden overtime adds the bulk of the remaining increase</li> </ul>	
Major LFD Issues	
<ul style="list-style-type: none"> <li>A potential increase in general fund revenue from fines could result if additional regional investigator positions are funded</li> </ul>	

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommend by the Governor.

Program Funding Table						
Enforcement Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
02115 Off-Highway Vehicle Fines	\$ 46,619	0.7%	\$ 48,000	0.7%	\$ 47,987	0.7%
02329 Snowmobile Fuel Tax-Enforcemnt	24,046	0.4%	24,850	0.3%	24,850	0.4%
02334 Market Based Combo Sales	291,809	4.3%	145,906	2.1%	-	-
02409 General License	5,894,844	87.4%	6,241,947	87.8%	6,175,280	90.2%
02411 State Parks Miscellaneous	75,828	1.1%	131,768	1.9%	131,251	1.9%
02412 Motorboat Fuel Tax	26,658	0.4%	-	-	-	-
02413 F & G Motorboat Cert Id	88,375	1.3%	107,500	1.5%	87,500	1.3%
02414 Snowmobile Reg	65,961	1.0%	68,129	1.0%	68,127	1.0%
03403 Misc. Federal Funds	229,008	3.4%	344,085	4.8%	314,652	4.6%
03404 Overhead	-	-	-	-	-	-
Grand Total	6,743,148	100.0%	7,112,185	100.0%	6,849,647	100.0%

The Law Enforcement Division is funded primarily with state special revenue, including the General License Account, variable priced non-resident hunting license fees, motorboat certificate fees, motorboat fuel taxes, state parks funds, income from the coal tax trust, and snowmobile and off-highway vehicle registration funds. Federal funds consist primarily of grants from the Coast Guard and require a 25 percent match.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				238,822					237,290	
Vacancy Savings				(215,097)					(215,026)	
Inflation/Deflation				114					58	
Fixed Costs				(10)					(10)	
Total Statewide Present Law Adjustments				\$23,829					\$22,312	
DP 401 - Warden Overtime	0.00	0	194,000	6,000	200,000	0.00	0	194,000	6,000	200,000
DP 403 - Bison Hunt Biennial	0.00	0	7,733	0	7,733	0.00	0	(2,267)	0	(2,267)
DP 406 - Adjust County Water Safety	0.00	0	0	0	0	0.00	0	(20,000)	(20,000)	(40,000)
DP 411 - Block Management Program	(2.50)	0	(145,903)	0	(145,903)	(5.00)	0	(291,806)	0	(291,806)
DP 412 - Internal Service Rate Adjustment	0.00	0	27,499	0	27,499	0.00	0	27,499	0	27,499
Total Other Present Law Adjustments										
	(2.50)	\$0	\$83,329	\$6,000	\$89,329	(5.00)	\$0	(\$92,574)	(\$14,000)	(\$106,574)
Grand Total All Present Law Adjustments				\$113,158					(\$84,262)	

DP 401 - Warden Overtime - The executive budget includes a request to maintain current budget levels for warden overtime, since overtime pay does not carry forward.

**LFD  
ISSUE**

The division spent \$163,723 in FY 2003 and \$162,424 in FY 2004. The request exceeds the base by approximately \$40,000. The legislature may wish to adjust the decision package to reflect historical overtime expenditures.

**DP 403 - Bison Hunt Biennial** - The executive is requesting funding to support enforcement activities related to special bison hunts. The 2003 legislature provided authority for the department to authorize a bison hunt as a species management tool when specific criteria are met. 2005 biennium funding was used for project planning in FY 2004 and for enforcement duties related to the first hunt proposed for January 15, 2005 through February 15, 2005.

**DP 406 - Adjust County Water Safety** - The executive budget includes a reduction in the authority for the county water safety program, as statute providing the authority for the program sunsets June 30, 2006. This decision package removes the funding from the second year of the biennium.

**LFD  
COMMENT**

The county water safety program provides the ability for the department to delegate part of the administration and control of the boating safety program to counties. The funding for this program comes from a portion of the motorboat decal fee that is deposited to the general fund with a subsequent transfer to the department based on the number of registered boats. Legislation to reauthorize the county water safety program will be introduced.

**DP 411 - Block Management Program** - The executive budget includes a reduction in authority for enforcement services related to the Hunting Access Enhancement Program, including Block Management (private land access) and Access Montana (public land access), as statute providing authority and funding for this program terminates on March 1, 2006. This decision package removes approximately one-half of the budget authority and FTE in the program in FY 2006 to allow for phase-out of the program in the fall of 2005. The remaining program funding and FTE is removed from the budget in the second year of the biennium.

**LFD  
ISSUE**

Please see the discussion regarding the Hunting Access Enhancement Program in the Field Services Section

**DP 412 - Internal Service Rate Adjustment** - The executive budget includes a request to adjust vehicle travel costs resulting from inflation and a rate increase for the department's internal fleet of vehicles and aircraft. The additional revenue generated would be used to maintain the department's fleet and to replace existing vehicles as needed. The requested amount represents anticipated usage at the proposed 2007 rate.

**New Proposals**

Fiscal 2006						Fiscal 2007				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 402 - Commercial Licensing Program - Biennial/Rest/OTO										
04	0.00	0	44,047	0	44,047	0.00	0	(10,953)	0	(10,953)
DP 407 - Short Term Federal Authority OTO										
04	0.00	0	0	20,000	20,000	0.00	0	0	20,000	20,000
DP 408 - Regional Investigators										
04	2.00	0	120,000	0	120,000	2.00	0	110,000	0	110,000
DP 409 - Seasonal Water Safety - Restricted										
04	1.50	0	0	71,832	71,832	1.50	0	0	71,714	71,714
Total	3.50	\$0	\$164,047	\$91,832	\$255,879	3.50	\$0	\$99,047	\$91,714	\$190,761

DP 402 - Commercial Licensing Program - Biennial/Rest/OTO - The executive is requesting a one-time-only biennial appropriation of \$55,000 for commercial licensing activities. The 2003 Legislature approved a one time only budget of \$32,000 for each year of the 2005 biennium. The purpose of this allocation was to cover anticipated expenses for administering a commercial licensing program and to set a new annualized budget for a program that had been significantly reduced due to the reduction in the number of alternative livestock facilities.

**LFD  
ISSUE**

The 2003 Legislature established a biennial appropriation to set a new annualized budget as the program experienced a significant workload reduction. To achieve the intent of the 2003 Legislature, the legislature may wish to establish a base budget for the commercial licensing program, rather than a biennial, restricted, one-time-only appropriation. The FY 2004 expenditures were \$10,953.

**LFD  
COMMENT**

The commercial licensing program is funded solely with the general license account. Please see the agency-wide issue on the general license account.

DP 407 - Short Term Federal Authority OTO - The executive is requesting \$20,000 per fiscal year in short-term contract authority for projects using federal funding.

**LFD  
ISSUE**

According to LFD records, during FY 2004 the department submitted three budget amendments for the Law Enforcement Division totaling \$12,800. Please see the agency-wide issue on legislative contract authority.

DP 408 - Regional Investigators - The executive is requesting funds to increase division staffing through the creation of a regional investigator position. The regional investigators would address investigative shortfalls by focusing on serious resource abuse and commercialized wildlife crimes. The 2.00 FTE would be housed in two regional headquarters.

**LFD  
ISSUE**

The department's proposal establishes a position that would provide enhanced fish, wildlife, and parks investigational services in two regions. The regional investigator would operate much like a detective, taking the case over after game wardens handle the initial discovery of the crime. This position would take over managing large scale investigations from wardens to allow the wardens to focus on response to game issues.

The proposal, if approved, may result in an increase in the number of crimes convicted, thus an increase in the amount of fines collected. Current statute, 87-1-114, MCA, provides the department with the authority to utilize fines collected under 87-1-111, MCA (illegal killing or possession of certain wildlife) and 87-1-115, MCA (illegal killing or possession of trophy wildlife), for hunter education or enforcement.

The department of revenue deposits the first \$60,000 in fees to the general license account for the benefit of the department. After fees have exceeded \$60,000, the funds are deposited into the general fund. Historically fines have exceeded \$60,000. The legislature may wish to consider the potential impact of increased fees. The increase, if materialized, could provide an additional source of general fund.

If the legislature accepts this package, they may wish to consider a one-time only authorization. This is a new activity for the department and the legislature could take the opportunity to review the progress of the program prior to establishing funding in the department's base budget.

DP 409 - Seasonal Water Safety - Restricted - The executive is requesting funding for 1.5 FTE to enhance water safety during peak times of water recreation. As watercraft utilization has increased, so has the congestion and conflict on Montana lakes, rivers and reservoirs.

**LFD  
COMMENT**

This decision package is contingent upon the passage of legislation reinstating annual boat registration. The ability to purchase a permanent boat registration violates the federal coast guard rule for boat inspection every three years. While Montana boaters are legal in state, in out of state waters, boaters may be subject to fines. If Montana does not adjust the frequency of boat registration, federal coast guard funds are at risk.

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	101.43	1.00	1.50	103.93	1.00	1.50	103.93	103.93
Personal Services	4,836,183	285,423	57,680	5,179,286	285,211	57,535	5,178,929	10,358,215
Operating Expenses	2,725,472	273,671	583,229	3,582,372	273,718	583,229	3,582,419	7,164,791
Equipment	41,268	0	47,000	88,268	0	0	41,268	129,536
Grants	133,847	0	0	133,847	0	0	133,847	267,694
<b>Total Costs</b>	<b>\$7,736,770</b>	<b>\$559,094</b>	<b>\$687,909</b>	<b>\$8,983,773</b>	<b>\$558,929</b>	<b>\$640,764</b>	<b>\$8,936,463</b>	<b>\$17,920,236</b>
State/Other Special	4,028,187	333,289	167,369	4,528,845	332,927	120,262	4,481,376	9,010,221
Federal Special	3,708,583	225,805	520,540	4,454,928	226,002	520,502	4,455,087	8,910,015
<b>Total Funds</b>	<b>\$7,736,770</b>	<b>\$559,094</b>	<b>\$687,909</b>	<b>\$8,983,773</b>	<b>\$558,929</b>	<b>\$640,764</b>	<b>\$8,936,463</b>	<b>\$17,920,236</b>

**Program Description**

The Wildlife Division is responsible for the department's statewide Wildlife Management Program, which enhances the use of Montana renewable wildlife resources for public benefit. It protects, regulates, and perpetuates wildlife populations with habitat management and regulated harvest. Through promotion of land management practices, wildlife habitat areas are maintained and enhanced. In addition, the program provides wildlife recreational opportunities to the public, including non-game wildlife, and provides public information regarding conservation of wildlife populations and wildlife habitats. The program manages animals legislatively categorized as big game, small game, furbearers, and threatened and endangered species.

**Program Highlights**

Wildlife Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>The increase in funding is primarily due to: <ul style="list-style-type: none"> <li>Funding for enhanced wildlife surveys</li> <li>Use of non-game wildlife funds for education and research projects</li> <li>Statewide present law adjustments</li> <li>Federal grant authority</li> </ul> </li> </ul>	
Major LFD Issues	
<ul style="list-style-type: none"> <li>Continuation of funding for the wildlife conflict specialist and the mountain lion research program is requested</li> </ul>	

## Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommend by the Governor.

Program Funding Table						
Wildlife Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
02061 Nongame Wildlife Account	\$ -	-	\$ 43,500	0.5%	\$ 43,500	0.5%
02085 Waterfowl Stamp Spec. Rev.	23,666	0.3%	50,054	0.6%	50,054	0.6%
02086 Mountain Sheep Account	79,368	1.0%	79,368	0.9%	79,368	0.9%
02112 Moose Auction	14,357	0.2%	20,107	0.2%	20,107	0.2%
02113 Upland Game Bird Habitat	54,871	0.7%	107,000	1.2%	107,000	1.2%
02409 General License	3,608,499	46.6%	3,912,390	43.5%	3,911,921	43.8%
02469 Habitat Trust Interest	247,426	3.2%	294,426	3.3%	247,426	2.8%
02559 Mule Deer Auction	-	-	6,000	0.1%	6,000	0.1%
02560 Elk Auction	-	-	16,000	0.2%	16,000	0.2%
03097 Fedl Fish(W/B) Wildlife(P/R)	3,572,839	46.2%	3,886,939	43.3%	3,886,527	43.5%
03403 Misc. Federal Funds	72,858	0.9%	504,599	5.6%	505,170	5.7%
03404 Overhead	62,886	0.8%	63,390	0.7%	63,390	0.7%
Grand Total	<u>\$ 7,736,770</u>	<u>100.0%</u>	<u>\$ 8,983,773</u>	<u>100.0%</u>	<u>\$ 8,936,463</u>	<u>100.0%</u>

The Wildlife Division state special revenue consists primarily of hunting and fishing license revenue from the general license account. Earmarked fees support all of the Upland Game Bird Habitat Enhancement Program and the Wildlife Habitat Program operations. Other specialized programs are funded by revenue from the waterfowl stamp and auction receipts. Federal funding consists of Pittman-Robertson funds that require a 25 percent non-federal match that is typically met with funds from the general license account.

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				442,276					442,085
Vacancy Savings				(211,135)					(211,131)
Inflation/Deflation				(1,547)					(1,525)
<b>Total Statewide Present Law Adjustments</b>				<b>\$229,594</b>					<b>\$229,429</b>
DP 501 - Elk, Moose, and Mule Deer Auctions									
0.00	0	27,750	0	27,750	0.00	0	27,750	0	27,750
DP 502 - Enhanced Wildlife Surveys									
1.00	0	125,000	125,000	250,000	1.00	0	125,000	125,000	250,000
DP 507 - Increase for Migratory Bird Program Funds									
0.00	0	26,388	0	26,388	0.00	0	26,388	0	26,388
DP 510 - Internal Service Rate Adjustment									
0.00	0	13,188	12,174	25,362	0.00	0	13,188	12,174	25,362
<b>Total Other Present Law Adjustments</b>									
<b>1.00</b>	<b>\$0</b>	<b>\$192,326</b>	<b>\$137,174</b>	<b>\$329,500</b>	<b>1.00</b>	<b>\$0</b>	<b>\$192,326</b>	<b>\$137,174</b>	<b>\$329,500</b>
Grand Total All Present Law Adjustments				\$559,094					\$558,929

**DP 501 - Elk, Moose, and Mule Deer Auctions** - The executive budget includes a request to hire a conservation organization to auction elk, moose and mule deer licenses. Accounting standards require the department to record the 10 percent commission earned from the sale of licenses as expenditures in accounting records.

**DP 502 - Enhanced Wildlife Surveys** - The executive is requesting additional authority for an increase in operational costs for completing statutorily required wildlife surveys. The proposal adds 1.00 new FTE to provide pilot services to conduct aerial surveys to maximize aircraft utilization. This activity is used to determine game animal population and the appropriate number of elk, deer, and antelope that can be viably sustained.

**LFD  
ISSUE**

The department is required by statute to publish an annual game count and determine sustainable game populations on a biennial basis. Funding would be utilized for department aircraft rental, private aircraft rental, and pilot services to address issues of air support availability. If additional air support becomes available, the survey process would be enhanced in terms of the amount of information gathered and expanded survey criteria for some species. Since this is a significant expansion to the survey program, the legislature may wish to restrict funding or establish funding as one-time only to determine if the increase availability of air support positively impacted the wildlife survey process. This outcome could be determined by establishing a requirement for the department to report on the progress of and improvement in wildlife surveys to the Environmental Quality Council.

The state special revenue portion is funded from the general license account. Please see the agency-wide issue on this account.

**DP 507 - Increase for Migratory Bird Program Funds** - The executive is seeking an increase in operational expenses for the implementation of the wetlands program under the Wetland Legacy Program. The Migratory Bird Stamp revenue increased because of the increase in non-resident fees during the 2001 legislative session.

**DP 510 - Internal Service Rate Adjustment** - The executive budget includes a request to adjust vehicle travel costs resulting from inflation and rate increase for the department's internal fleet of vehicles and aircraft. The additional revenue generated would be used to maintain the department's fleet and to replace existing vehicles as needed. The requested amount represents anticipated usage at the proposed 2007 rate.

**New Proposals**

Fiscal 2006						Fiscal 2007				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 503 - Wildlife Conflict Specialist R1										
05	1.00	0	36,692	0	36,692	1.00	0	36,595	0	36,595
DP 504 - Mountain Lion Research OTO										
05	0.50	0	40,177	120,540	160,717	0.50	0	40,167	120,502	160,669
DP 505 - Restore Nongame Wildlife Funds- Restricted										
05	0.00	0	43,500	0	43,500	0.00	0	43,500	0	43,500
DP 506 - Equipment OTO										
05	0.00	0	47,000	0	47,000	0.00	0	0	0	0
DP 508 - Short Term Federal Authority OTO										
05	0.00	0	0	400,000	400,000	0.00	0	0	400,000	400,000
Total	1.50	\$0	\$167,369	\$520,540	\$687,909	1.50	\$0	\$120,262	\$520,502	\$640,764

**DP 503 - Wildlife Conflict Specialist R1** - The executive is seeking funding for 1.00 FTE to serve as a wildlife conflict specialist in Region 1, Northwestern Montana, headquartered in Kalispell. The position would focus on black bears, mountain lions, and moose living in the urban/wild land interface. This position was approved in the 2003 legislature as restricted, one-time-only.



**LFD  
ISSUE**

The 2003 Legislature designated this decision package as one-time only. The wildlife conflict specialist in Region 1 focused on addressing bear/human conflict situations. Activities were predominantly done in two areas: 1) providing education and consultation to private citizens and local governments in reducing bear attractants; and 2) providing aversive conditions to address bears that have already made a positive association with people or their dwellings. During the 2003 calendar year, educational activities included bear safety and fencing workshops and the development, production, and release of public service announcements. The specialist also took 1,145 bear related calls, completed 267 site visits, and handled 66 bear incidents.

The specialist also provided field activities including: 1) testing of aversion techniques on radio collared animals, trapped, radio collared and monitored grizzlies and black bears as part of on-going studies; 2) assisting with bear DNA research projects; and 3) assisting with grizzly conflict as needed.

DP 504 - Mountain Lion Research OTO - The executive budget includes a request to continue mountain lion research. This proposal includes the continuation of 0.5 FTE to assist in the trapping and survey operations occurring October through March.

**LFD  
ISSUE**

The long term goal of the mountain lion research program is to identify accurate and efficient ways of monitoring mountain lion populations. A total of ninety lions have been radio collared and monitored since 1998. Indirect monitoring techniques include observed lion tracks, population trends in prey species, interviewing houndsmen, and harvest surveys that report deer hunter observations of lion while hunting. There are approximately four years left to complete the study. This long term study will provide the basis for implementation of a species management program.

The department has funded these activities through one-time-only expenditures since its inception. Therefore, the agency has no funding in its ongoing base. The issue for the legislature is whether the lack of base funding could deter implementation of the study once it is completed. Therefore, the legislature may wish to consider making this funding a part of the ongoing base to create an ongoing species management function.

For a discussion on federal funding and the general license account, please see the agency-wide issues.

DP 505 - Restore Nongame Wildlife Funds- Restricted - The Montana state tax return provides residents with the opportunity to voluntarily donate funds for use in conserving the state's non game wildlife. The executive is requesting funding for increased operations. These funds can provide 1:1 or 1:3 match for federal funds.

**LFD  
ISSUE**

The 2003 Legislature provided HB2 language directing the use of the non game wildlife funds to specific activities including:

- \$13,000 in FY 2004 and \$13,000 in FY 2005 for 25 percent of a native species specialist position in Billings
- \$5,000 in FY 2004 to support publishing the sixth edition of Montana Bird Distribution and an updated list of Montana bird species
- \$5,000 in FY 2004 to support publishing of a field guide to reptiles and amphibians
- \$5,000 in FY 2004 and \$8,000 in FY 2005 to support loon conservation efforts in northwestern Montana
- \$3,000 in FY 2004 and \$5,000 in FY 2005 to promote placement and maintenance of nesting boxes for bluebirds and other species
- \$6,000 in FY 2004 and \$10,000 in FY 2005 to inventory and monitor sensitive wildlife species
- \$2,000 in FY 2004 and \$3,000 in FY 2005 to study statewide raptor survey routes

**LFD  
ISSUE CONT.**

Language in HB2 of the 2003 session directed the department to report on biennial expenditures of the non-game wildlife fund to the Environmental Quality Council (EQC) prior to the 2005 legislative session. The council traditionally concludes its business by the end of September. The report was not delivered to the EQC by that time. The department states that it will be available January 1, 2005. Since the 2003 Legislature designated this funding as restricted, one-time only, the legislature may wish to review this report prior to acting on this decision package.

At the end of FY 2004 the fund balance was \$80,465. In FY 2004, revenue from the non-game wildlife check was \$26,604, and expenditures were \$ 31,542. If expenses continue to exceed revenues, the fund balance would be \$38,243 at the end of the 2007 biennium. The balance is attributable to lack of expenditures in past years due to the retirement of the non-game coordinator. This adjustment would allow the department to re-establish the program as part of base expenditures. The legislature may wish to review the long-term plan for the use of these funds to expend down the balance and prioritize the expenditures

DP 506 - Equipment OTO - The executive is seeking a present law adjustment for additional equipment authority. This one time funding would be utilized to purchase a sixty horsepower utility tractor with loader and cab to replace the 1970 tractor currently being utilized for maintenance in Wildlife Management Areas in Region 4, North Central Montana, headquartered in Great Falls. This purchase would be made in FY 2006.

DP 508 - Short Term Federal Authority OTO - The executive is requesting \$400,000 per fiscal year in short-term contract authority for projects using federal funding.

**LFD  
ISSUE**

According to LFD records, during FY 2004 the department submitted nineteen budget amendments for the Wildlife Division totaling \$2.6 million. Please see the agency-wide issue on legislative contract authority

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	97.26	5.50	0.00	102.76	5.50	0.00	102.76	102.76
Personal Services	3,638,192	173,366	0	3,811,558	175,305	0	3,813,497	7,625,055
Operating Expenses	1,666,096	955,586	35,000	2,656,682	956,021	35,000	2,657,117	5,313,799
Equipment	448,452	(407)	0	448,045	(357,407)	0	91,045	539,090
Grants	380,782	88,787	0	469,569	88,787	0	469,569	939,138
Transfers	89,317	90,700	0	180,017	90,700	0	180,017	360,034
<b>Total Costs</b>	<b>\$6,222,839</b>	<b>\$1,308,032</b>	<b>\$35,000</b>	<b>\$7,565,871</b>	<b>\$953,406</b>	<b>\$35,000</b>	<b>\$7,211,245</b>	<b>\$14,777,116</b>
State/Other Special	5,878,656	1,280,471	0	7,159,127	925,845	0	6,804,501	13,963,628
Federal Special	344,183	27,561	35,000	406,744	27,561	35,000	406,744	813,488
<b>Total Funds</b>	<b>\$6,222,839</b>	<b>\$1,308,032</b>	<b>\$35,000</b>	<b>\$7,565,871</b>	<b>\$953,406</b>	<b>\$35,000</b>	<b>\$7,211,245</b>	<b>\$14,777,116</b>

**Program Description**

The Parks Division is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of the state, and for providing for their use and enjoyment. The program includes 42 parks, 12 affiliated lands such as rifle ranges and recreation sites managed by local and federal agencies, and 320 fishing access sites. Other programs administered by the division include motorized and non-motorized trail grants, local government recreation grants, and state Capitol Complex grounds maintenance.

**Program Highlights**

<b>Parks Division Major Program Highlights</b>	
<ul style="list-style-type: none"> <li>The executive budget requests \$1.8 million to adjust for the implementation of the \$3.50 vehicle registration fee for state parks operations and maintenance, and \$40,000 for the \$0.25 vehicle registration fee for fishing access sites</li> <li>An increase of two cents per square foot is being sought for the capitol grounds program.</li> </ul>	
<b>Major LFD Issues</b>	
<ul style="list-style-type: none"> <li>The executive is requesting legislative contract authority for parks projects related to the management of the Smith River</li> </ul>	

## Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommend by the Governor.

Program Funding Table						
Parks Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
02213 Off Highway Vehicle Gas Tax	\$ 28,203	0.5%	\$ 28,203	0.4%	\$ 28,203	0.4%
02239 Off Hwy Vehicle Acct (Parks)	26,073	0.4%	26,073	0.3%	26,073	0.4%
02331 Motorboat Certification-Parks	21,435	0.3%	21,435	0.3%	21,435	0.3%
02332 Snowmobile Registration-Parks	186,550	3.0%	80,000	1.1%	80,000	1.1%
02333 Fishing Access Site Maint	124,506	2.0%	174,506	2.3%	174,506	2.4%
02407 Snowmobile Fuel Tax	648,164	10.4%	890,989	11.8%	534,681	7.4%
02408 Coal Tax Trust Account	997,832	16.0%	832,000	11.0%	832,000	11.5%
02409 General License	948,362	15.2%	990,265	13.1%	990,265	13.7%
02411 State Parks Miscellaneous	1,918,132	30.8%	2,728,144	36.1%	2,729,977	37.9%
02412 Motorboat Fuel Tax	919,134	14.8%	1,200,000	15.9%	1,200,000	16.6%
02558 Fas - Vehicle Registration	60,265	1.0%	187,512	2.5%	187,361	2.6%
03097 Fedl Fish(W/B) Wildlife(P/R)	235,572	3.8%	255,572	3.4%	255,572	3.5%
03403 Misc. Federal Funds	-	-	35,000	0.5%	35,000	0.5%
03404 Overhead	108,611	1.7%	116,172	1.5%	116,172	1.6%
Grand Total	<u>\$ 6,222,839</u>	<u>100.0%</u>	<u>\$ 7,565,871</u>	<u>100.0%</u>	<u>\$ 7,211,245</u>	<u>100.0%</u>

The largest revenue source is the \$4.00 registration fee per vehicle charged in lieu of resident day use fees at state park sites, followed by motorboat fuel taxes, parks coal tax trust earnings, the general license account, snowmobile fuel taxes, fishing access maintenance and acquisition fee revenues, snowmobile registration fees, and off-highway vehicle registration fees.

The registration fee is allocated as follows:

- \$3.50 for park operations and maintenance
- \$0.25 for fishing access site maintenance
- \$0.25 for support of Virginia City and Nevada City, which is transferred to the Department of Commerce

The division receives the following allocations of the gasoline dealer's license taxes:

- Nine-tenths of one percent for maintenance of parks with motorboat use
- One-eighth of one percent for off-highway vehicle safety, repair of off-highway vehicle damage, and facility development
- Fifteen-twenty-eighths of one percent for snowmobile safety, facility development, enforcement and control of noxious weeds.

Of the coal severance tax revenues, 1.27 percent is deposited into a non-expendable trust, with the interest from the trust allocated for maintenance at state parks and historic sites.

The general license account and earmarked fishing fees are used to maintain fishing access sites.

Federal funding sources include Wallop-Breaux, National Recreational Trails, the Land and Water Conservation fund, and miscellaneous federal revenues. These federal funding sources require a match of 20 to 50 percent.

The department receives 6.5 percent of the accommodation tax collections for the maintenance of state parks. However, since the money is appropriated through statute, it is not included in HB2.

Capitol grounds maintenance is paid through a proprietary account and rate charges are based on the amount of office space occupied in the capitol complex. The legislature does not appropriate these funds, but does approve the rate.

The 2003 legislature removed all general fund authority from the Parks Division.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----					-----Fiscal 2007-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				139,232						141,480
Vacancy Savings				(151,095)						(151,186)
Inflation/Deflation				(307)						148
<b>Total Statewide Present Law Adjustments</b>				<b>(\$12,170)</b>						<b>(\$9,558)</b>
DP 601 - Equipment Reduction	0.00	0	(24,607)	0	(24,607)	0.00	0	(24,607)	0	(24,607)
DP 602 - Restore Land & Water Conservation Program Funds	0.00	0	0	7,561	7,561	0.00	0	0	7,561	7,561
DP 604 - Restore Park Field Maintenance & Operations	2.50	0	917,422	0	917,422	2.50	0	917,335	0	917,335
DP 605 - FAS Base Maintenance and Operations	3.00	0	216,871	20,000	236,871	3.00	0	216,720	20,000	236,720
DP 606 - Community Service	0.00	0	38,000	0	38,000	0.00	0	38,000	0	38,000
DP 607 - Snowmobile Groomer Replacement - Biennial	0.00	0	24,200	0	24,200	0.00	0	(332,800)	0	(332,800)
DP 608 - Snowmobile Grants & Operations	0.00	0	107,349	0	107,349	0.00	0	107,349	0	107,349
DP 610 - Internal Service Rate Adjustment	0.00	0	13,406	0	13,406	0.00	0	13,406	0	13,406
<b>Total Other Present Law Adjustments</b>	<b>5.50</b>	<b>\$0</b>	<b>\$1,292,641</b>	<b>\$27,561</b>	<b>\$1,320,202</b>	<b>5.50</b>	<b>\$0</b>	<b>\$935,403</b>	<b>\$27,561</b>	<b>\$962,964</b>
Grand Total All Present Law Adjustments				\$1,308,032						\$953,406

DP 601 - Equipment Reduction - The executive is requesting a reduction in equipment authority to remove \$24,607 from the base budget, as a one-time mower purchase was made in FY 2004.

DP 602 - Restore Land & Water Conservation Program Funds - The executive is requesting a base adjustment of federal authority to administer the land and water community grants program. The Land and Water Conservation Fund (LWCF) passes federal monies to local communities through the Parks Division budget to build ball fields, parks, playgrounds, and trails. The administration portion of this program includes communications, grant application guidance, grant tracking and record keeping, completed project review and site inspections.

DP 604 - Restore Park Field Maintenance & Operations - The executive is requesting a base adjustment to annualize the optional \$3.50 fee on vehicle registrations to fund state park operations and maintenance. The fee took affect January 1, 2004, halfway through a fiscal year, subsequently base year expenditures only reflect half of a fiscal year value. This fee funds park operations and maintenance such as weed control, latrine pumping, fencing, roof repair, historic building preservation, interpretation, road repairs, major maintenance, and preparation for the Lewis and Clark Bicentennial.

**LFD  
COMMENT**

To address revenue shortfalls in the state park system, the 2003 Legislature passed SB 336 to establish an optional \$4.00 vehicle license fee, of which \$3.50 replaced resident entrance fees at Montana state parks. This revenue source was designed to compensate for the lost day use fees, passport sales, and elimination of general fund from the parks program, and provide new revenues. The fee became effective on January 1, 2004, halfway through FY 2004. In FY 2004, the fee generated \$1.3 million, which was offset by \$0.6 million in lost revenues resulting in new revenue to the department of \$0.7 million. The first full year impact of the funding switch will occur in FY 2005. The estimated FY 2005 fee revenue is \$ 2.7 million, with offsets of \$ 0.9 million, resulting in \$1.8 million in new revenue to the department.

The proposed adjustment would provide the funds to increase maintenance and repair activities and annualize the transfer of \$0.25 to the Department of Commerce for the support of Virginia City and Nevada City. The proposal does not include a prioritization of these activities.

The department retains some of the revenue in the fund to transfer to the capital building program. These funds provide a source of revenue to fund projects that are greater than normal repair and maintenance, and would include such items as install or replacement of latrines, shelters, and boat ramps. For FY 2006 revenue for the fund is estimated at \$4.2 million, of which the department proposes to transfer \$2.1 million to the capital building program.

DP 605 - FAS Base Maintenance and Operations - The executive is requesting a base adjustment to annualize the optional \$0.25 fee on vehicle registrations to fund fishing access site operations and maintenance. The fee took affect January 1, 2004, halfway through a fiscal year. Subsequently, base year expenditures only reflect half of a fiscal year value. These funds provide for base maintenance tasks such as weed control, boat ramp repair, painting, fencing, pumping latrines, grading roads, improving signs, and repairing vandalism. FTE associated with this request are seasonal maintenance help and enforcement staff.

**LFD  
COMMENT**

The fishing access site (FAS) program is supported through \$0.25 of the \$4.00 vehicle registration fee, a portion of fishing license sales, and federal Wallup-Breaux funds. The proposal would provide increased funding for maintenance and operations as well as seasonal staff for the FAS program to account for increased utilization of FAS sites.

The adjustment is funded with \$ 39,624 of general license revenue in both years of the biennium. Please see the agency-wide issue on the general license account.

DP 606 - Community Service - The division created modified level FTE in FY 1994 to staff parks to meet unplanned needs in supervising Montana Conservation Corps, volunteer groups and Aspen Youth Alternative crews. Volunteer and youth groups are used to complete special projects in place of regular maintenance crews and park staff. These park projects involve cave cleaning at Lewis and Clark Caverns, park cleanup day at Bannack, trail maintenance at Makoshika, and other projects. The executive is requesting the restoration of authority as the expenditures were for modified level FTEs, and were not reflected in the division's base budget.

DP 607 - Snowmobile Groomer Replacement - Biennial - The executive requests an increase for snowmobile groomer equipment to keep pace with the rising cost of equipment. Local snowmobile clubs use grants distributed by the department to purchase snowmobile grooming equipment. This request increases base expenditures by \$24,200 to \$357,000 and is funded by snowmobile gasoline taxes.

DP 608 - Snowmobile Grants & Operations - The executive requests restoration of funding for the maintenance of snowmobile trails by local snowmobile clubs statewide. Local snowmobile clubs use grants distributed by the department to groom snowmobile trails and to maintain snowmobile grooming equipment. Funds also go to raise avalanche awareness and improve backcountry safety. Funding for this base budget restoration comes in part from registration fees paid by non-resident snowmobilers who snowmobile in Montana. The department states that

expenditures were depressed in FY 2004, due to rulings governing snowmobile use in Yellowstone National Park issued after the close of the 2003 Legislature.

DP 610 - Internal Service Rate Adjustment - The executive budget includes a request to adjust vehicle travel costs resulting from inflation and a rate increase for the department's internal fleet of vehicles and aircraft. The additional revenue generated would be used to maintain the department's fleet and to replace existing vehicles as needed. The requested amount represents anticipated usage at the proposed 2007 rate.

### New Proposals

New Proposals										
Fiscal 2006						Fiscal 2007				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 603 - Short Term Federal Authority OTO										
06	0.00	0	0	35,000	35,000	0.00	0	0	35,000	35,000
Total	0.00	\$0	\$0	\$35,000	\$35,000	0.00	\$0	\$0	\$35,000	\$35,000

DP 603 - Short Term Federal Authority OTO - The executive is requesting \$35,000 per fiscal year in short-term contract authority for projects using federal funding. FWP expects a contract with the USFS for operation of the Smith River sites in FY 2006 and 2007. Additionally, the division anticipates agreements with the BLM for management of the Blackfoot River corridor and with the National Park Service. This authority would be used statewide as other federal partnerships become available for cooperative efforts such as Lewis & Clark projects.

<b>LFD ISSUE</b>	During FY 2004 the department did not submit any budget amendments for the Parks Division. The one-time short term federal authority provided by the 2003 Legislature was to allow the department to transition to utilizing the budget amendment process. Please see the agency-wide issue on legislative contract authority.

### Proprietary Rates

#### Proprietary Program Description

There are two main proprietary funds within the Parks Division: 1) Capitol Grounds; and 2) the Enterprise Fund.

#### *Capitol Grounds Maintenance*

The Parks Division is responsible for the state Capitol Complex Grounds Maintenance Program. The department funds the program through the capitol grounds proprietary account (fund 06541). Indirect costs are recovered through assessment of an indirect cost rate on actual program expenditures of the previous period. The total annual cost of the capitol grounds maintenance program is allocated to state agencies based on each agency's share of the total square footage of office space on the capitol complex, which is rented from Department of Administration, General Services Division.

#### *Enterprise Fund*

23-1-105 (5) MCA authorized the Parks Division to establish an enterprise fund (fund 06068) for the purpose of managing state park visitor services revenue. The fund is used by the department to provide inventory through purchase, production, or donation and for the sale of educational, commemorative, and interpretive merchandise and other related goods and services at department sites and facilities. The fund was established primarily to better manage parks visitor centers that sell books at parks like Ulm Pishkun, Makoshika, and Chief Plenty Coups as well as parks that sell items like firewood. Monies generated go back into the purchase of inventory and also the improvement of visitor services in state parks and the department overall. In FY 2004 this fund accounted for the following monies: \$78,374 of earned revenue, \$54,206 of expenditures and a fund balance in the amount of \$40,588.

## Proprietary Revenues and Expenses

### *Grounds Maintenance*

There are no changes proposed in the provision of services. An increase of \$0.02 cents per square foot is proposed for the 2007 biennium. On an annual basis, revenues and expenses are reviewed to ensure costs are commensurate with the fees charged agencies. Cash balances are affected by building occupancy rates, weather severity, and demand for services. Accumulated cash balances from previous periods are used to calculate rates for future periods. A total of 6.06 FTE are funded in this program.

The 60-day working capital requirement provides sufficient cash to fund on-going operations of the program. On a biennial basis, program costs are reviewed to ensure fees charged to agencies are commensurate with program costs. Each biennium, the account is analyzed to determine if ending cash balances are long or short relative to program working capital requirements. Calculation of rates for future periods can be affected by ending cash balances.

Agencies are billed quarterly for grounds maintenance and snow removal. Cash balances fluctuate during the year relative to the season and weather conditions. Generally, cash balances are lowest in the first and last quarter of each fiscal year, during the busy summer months of lawn and landscape maintenance and during the start up season in the spring. During years of heavy and or frequent snowfall, cash balances can become low in the second and third quarters.

### *Enterprise Fund*

Revenues are generated by the sales of merchandise at park visitor centers and regional offices. The expenses associated with the enterprise fund include office supplies, merchandising materials, and the purchase of inventory to replenish stock. As the program develops, the 60-day working capital requirement would provide sufficient cash to fund on-going operations of the program. The cash balances are highest in the winter after the parks season ends and lowest in the spring when stock is replenished.

## Proprietary Rate Explanation

### *Grounds Maintenance*

Capitol grounds unit of service is the grounds maintenance and snow removal on the capitol complex. The unit price is the total annual revenue of the program divided by the total square footage of rented office space on the capitol complex. Square footage of rented office space on the capitol complex for the 2007 biennium is provided by General Services Division and used in these calculations. The summary of costs billed to agencies and per unit costs for FY 1998 - FY 2005 are as follows:

Figure 3 Grounds Maintenance Program								
	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Revenue	\$296,112	\$278,710	\$332,634	\$309,320	\$319,345	\$317,473	\$334,652	\$334,652
Per Sq. Ft. Charge	0.3446	0.3446	0.3696	0.3696	0.3696	0.3696	0.3896	0.3896

An increase in the rate of \$.02 cents for the 2007 biennium is proposed.

### *Enterprise Fund*

The enterprise fund applies a markup rate of no less than 40 percent on goods purchased for resale to ensure sufficient revenues to replenish stock.



**LFD  
COMMENT**

The rate increase would provide the program with an additional \$17,179 in revenues each year of the biennium. The increase would provide the funds to recover the projected operating loss in FY 2005 and provide sufficient cash for 60 days of operating expenses.

The State Administration and Veterans' Affairs Interim Committee is requesting legislation to transfer authority for capitol grounds to Department of Administration. The Department of Administration handles all complex maintenance, except the grounds program.

**2007 Biennium Report on Internal Service and Enterprise Funds 2007**

Fund	Fund Name	Agency #	Agency Name	Program Name		
6541	Grounds Maintenance	5201	Fish Wildlife & Parks	Parks Division		

	Actual FY02	Actual FY03	Actual FY04	Budgeted FY05	Budgeted FY06	Budgeted FY07
<b>g Revenues:</b>						
ue						
Is Maintenance Fee	-	-	-	317,413	334,652	334,652
Net Fee Revenue	332,620	309,318	323,111	317,413	334,652	334,652
ent Earnings	-	-	-	-	-	-
s Lending Income	-	-	-	-	-	-
s	-	-	-	-	-	-
erating Revenues	14	2	8	-	-	-
Total Operating Revenue	332,634	309,320	323,119	317,413	334,652	334,652
<b>g Expenses:</b>						
Services	155,160	165,341	171,196	188,849	186,103	186,154
erating Expenses	152,821	136,123	129,135	150,161	138,624	138,846
l Operating Expenses	307,981	301,464	300,331	339,010	324,727	325,000
g Income (Loss)	24,653	7,856	22,788	(21,597)	9,925	9,652
<b>ating Revenues (Expenses):</b>						
s) Sale of Fixed Assets	-	-	-	-	-	-
ndirect Cost Recoveries	-	-	-	-	-	-
nonoperating Revenues (Expenses)	-	-	-	-	-	-
Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Loss) Before Operating Transfers	24,653	7,856	22,788	(21,597)	9,925	9,652
puted Capital	-	-	-	-	-	-
ing Transfers In (Note 13)	-	-	-	-	-	-
ing Transfers Out (Note 13)	-	(1,422)	-	-	-	-
ange in net assets	24,653	6,434	22,788	(21,597)	9,925	9,652
Assets- July 1 - As Restated	63,707	92,947	47,581	70,369	48,832	58,757
od Adjustments	-	(51,800)	-	-	-	-
ve effect of account change	4,587	-	-	-	-	-
Assets - July 1 - As Restated	68,294	41,147	47,581	70,369	48,832	58,757
ts- June 30	92,947	47,581	70,369	48,772	58,757	68,409
of expenses						
Operating Expenses divided by 6)	51,330	50,244	50,055	56,502	54,121	54,167

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	24.89	0.00	1.16	26.05	0.00	1.16	26.05	26.05
Personal Services	1,252,129	61,978	31,393	1,345,500	62,297	31,353	1,345,779	2,691,279
Operating Expenses	1,261,359	19,780	25,764	1,306,903	(145)	77,292	1,338,506	2,645,409
Equipment	6,900	0	0	6,900	0	0	6,900	13,800
Capital Outlay	0	0	0	0	0	0	0	0
Grants	146,236	0	0	146,236	(146,236)	0	0	146,236
<b>Total Costs</b>	<b>\$2,666,624</b>	<b>\$81,758</b>	<b>\$57,157</b>	<b>\$2,805,539</b>	<b>(\$84,084)</b>	<b>\$108,645</b>	<b>\$2,691,185</b>	<b>\$5,496,724</b>
State/Other Special	1,933,336	96,425	57,157	2,086,918	(69,417)	108,645	1,972,564	4,059,482
Federal Special	733,288	(14,667)	0	718,621	(14,667)	0	718,621	1,437,242
<b>Total Funds</b>	<b>\$2,666,624</b>	<b>\$81,758</b>	<b>\$57,157</b>	<b>\$2,805,539</b>	<b>(\$84,084)</b>	<b>\$108,645</b>	<b>\$2,691,185</b>	<b>\$5,496,724</b>

**Program Description**

The Conservation Education Division coordinates the department's information and education programs. This coordination includes the distribution of public information through news releases; audio-visual materials; brochures and public services announcements; production of hunting; fishing and trapping regulations and the coordination of hunter, bow-hunter, snowmobile, boat, off-highway vehicle, and youth education and safety programs. In addition, the division manages the department's wild animal rehabilitation center, the Montana Wildlife Center.

**Program Highlights**

Conservation Education Division Major Program Highlights	
<ul style="list-style-type: none"> <li>The executive is requesting general license account funding for the operations of a new Nature Education Center located with the Montana Wildlife Center</li> <li>Statewide adjustments dominate the remainder of the increase</li> </ul>	
Major LFD Issues	
<ul style="list-style-type: none"> <li>The operations request for the Nature Education Center expands the use of general license dollars</li> </ul>	

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommend by the Governor.

Program Funding Table						
Conservation Education Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
02328 Ohv Gas Tax - Con Ed	\$ 9,529	0.4%	\$ 11,529	0.4%	\$ 11,529	0.4%
02330 Snowmobile Fuel Tax-Con Ed	56,179	2.1%	59,494	2.1%	59,494	2.2%
02408 Coal Tax Trust Account	47,067	1.8%	47,067	1.7%	47,067	1.7%
02409 General License	1,820,561	68.3%	1,968,828	70.2%	1,854,474	68.9%
03097 Fedl Fish(W/B) Wildlife(P/R)	636,716	23.9%	636,716	22.7%	636,716	23.7%
03403 Misc. Federal Funds	46,624	1.7%	31,957	1.1%	31,957	1.2%
03404 Overhead	3,702	0.1%	3,702	0.1%	3,702	0.1%
03408 State Wildlife Grants	46,246	1.7%	46,246	1.6%	46,246	1.7%
Grand Total	<u>\$ 2,666,624</u>	<u>100.0%</u>	<u>\$ 2,805,539</u>	<u>100.0%</u>	<u>\$ 2,691,185</u>	<u>100.0%</u>

The largest funding source in the Conservation Education Division is the general license account. Other state special revenue sources are interest from the coal tax trust account, and snowmobile and off-highway fuel taxes. Fuel taxes are dedicated revenue sources for snowmobile and off highway vehicle education programs. Federal funds are primarily Pittman-Robertson and Wallop-Breaux funds derived from federal excise taxes on sporting rifles, ammunition, and fishing equipment, and require a 25 percent match in non-federal funds.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				116,733					117,064
Vacancy Savings				(54,755)					(54,767)
Inflation/Deflation				(2,336)					(2,261)
Fixed Costs				(1,000)					(1,000)
<b>Total Statewide Present Law Adjustments</b>				<b>\$58,642</b>					<b>\$59,036</b>
DP 802 - Shooting Range Grants Biennial									
0.00	0	17,801	0	17,801	0.00	0	(148,435)	0	(148,435)
DP 804 - OHV Information & Education									
0.00	0	2,000	0	2,000	0.00	0	2,000	0	2,000
DP 805 - Snowmobile Information & Education									
0.00	0	3,315	0	3,315	0.00	0	3,315	0	3,315
<b>Total Other Present Law Adjustments</b>									
<b>0.00</b>	<b>\$0</b>	<b>\$23,116</b>	<b>\$0</b>	<b>\$23,116</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$143,120)</b>	<b>\$0</b>	<b>(\$143,120)</b>
Grand Total All Present Law Adjustments				\$81,758					(\$84,084)

DP 802 - Shooting Range Grants Biennial - The executive budget includes a request to continue a biennial appropriation for the administration of the shooting range grants program. Grants are provided to local governments, school districts, private shooting clubs, and nonprofit organizations, and require a fifty percent in-kind or cash match. Biennial funding authority for grants has varied between \$120,000 and \$320,000. Over the past fourteen years 81 grants have been provided to 42 different locations.

**LFD  
ISSUE**

This decision package provides \$166,000 in biennial authority for the shooting range grant program. The program is supported solely by the general license account. Please see the agency-wide issue on the general license account.

DP 804 - OHV Information & Education - The executive requests a base adjustment for off-highway vehicle (OHV) fuel taxes for the OVH educational programs, as printing expenses anticipated in FY 2004 were not incurred due to delays in production.

DP 805 - Snowmobile Information & Education - The executive is requesting a base adjustment for snowmobile fuel taxes, as requests for printed trail maps were less than anticipated in FY 2004. Demand is anticipated to be at the previous level in future years.

**New Proposals**

New Proposals										
Fiscal 2006						Fiscal 2007				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 801 - The Wildlife Center										
08	1.16	0	57,157	0	57,157	1.16	0	108,645	0	108,645
Total	1.16	\$0	\$57,157	\$0	\$57,157	1.16	\$0	\$108,645	\$0	\$108,645

DP 801 - The Wildlife Center - The executive is requesting funding to support staffing and daily operations of an education center to be located at the Montana Wildlife Center at Spring Meadow Lake State Park in Helena. The department and private foundation partners are developing the education component of the wildlife center.

**LFD  
ISSUE**

The Montana Fish, Wildlife & Parks Foundation has formed partnerships with the Mikal Kellner Foundation for Animals and the USDA Forest Service to raise funds to procure the land and build the Nature Education Center. The new center will offer educational opportunities, such as interactive interpretive displays and outdoor classrooms throughout the surrounding nature park. The center is slated to open in the summer of 2006. The partners do not provide funding for on-going support of the center. This decision package provides support for the educational staff and center operations.

In FY 2004, \$69,351 of general license account dollars were expended in support of the center. This proposal adds general license funding for 1.16 FTE and operation expenses that would be incorporated into the department's base budget.

The legislature may wish to consider the following options:

- If the decision package is approved, establish the authority as one-time only to establish baseline expenditures for the center
- Adjust the decision package and direct the department to seek operating revenues from other sources such as entrance fees, private donations, and grants

As this is an expansion of general license dollars, please see the agency-wide issue on the general license account.

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	55.97	1.00	1.50	58.47	1.00	1.50	58.47	58.47
Personal Services	2,718,390	86,851	58,956	2,864,197	84,269	58,834	2,861,493	5,725,690
Operating Expenses	1,160,314	29,702	3,060,000	4,250,016	20,024	60,000	1,240,338	5,490,354
Equipment	14,063	0	0	14,063	0	0	14,063	28,126
Grants	69,389	0	0	69,389	0	0	69,389	138,778
<b>Total Costs</b>	<b>\$3,962,156</b>	<b>\$116,553</b>	<b>\$3,118,956</b>	<b>\$7,197,665</b>	<b>\$104,293</b>	<b>\$118,834</b>	<b>\$4,185,283</b>	<b>\$11,382,948</b>
State/Other Special	2,794,776	247,602	318,956	3,361,334	260,611	118,834	3,174,221	6,535,555
Federal Special	1,167,380	(131,049)	2,800,000	3,836,331	(156,318)	0	1,011,062	4,847,393
<b>Total Funds</b>	<b>\$3,962,156</b>	<b>\$116,553</b>	<b>\$3,118,956</b>	<b>\$7,197,665</b>	<b>\$104,293</b>	<b>\$118,834</b>	<b>\$4,185,283</b>	<b>\$11,382,948</b>

**Program Description**

The Department Management Division is responsible for:

- 1) Overall department direction regarding policy, planning, program development, guidelines, and budgets
- 2) Serving as a liaison with the Governor's Office and the legislature
- 3) Interaction with the Fish, Wildlife and Parks Commission
- 4) Decision-making for key resource activities affecting the department
- 5) Supervision of the seven divisions that provide program development and staff support
- 6) Supervision of the seven regional offices that are responsible for program implementation
- 7) Legal services for the department
- 8) Serving as a liaison with Montana's Indian tribes and with other state and federal agencies

**Program Highlights**

Department Management Division Major Program Highlights	
<ul style="list-style-type: none"> <li>The executive is seeking authority to spend \$2.0 million in federal wildlife grants</li> <li>A request to add river recreation management staff expends \$176,000 over the biennium</li> <li></li> </ul>	
Major LFD Issues	
<ul style="list-style-type: none"> <li>The addition of river recreation staff would expand the use of the general license account</li> </ul>	

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommend by the Governor.

Program Funding Table						
Department Management						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
02409 General License	\$ 2,794,776	70.5%	\$ 3,361,334	46.7%	\$ 3,174,221	75.8%
03403 Misc. Federal Funds	14,800	0.4%	-	-	-	-
03404 Overhead	1,152,580	29.1%	1,036,331	14.4%	1,011,062	24.2%
03408 State Wildlife Grants	-	-	2,800,000	38.9%	-	-
Grand Total	<u>\$ 3,962,156</u>	<u>100.0%</u>	<u>\$ 7,197,665</u>	<u>100.0%</u>	<u>\$ 4,185,283</u>	<u>100.0%</u>

The Department Management Division is funded from the general license account and revenues received through applying an assessment to federal grants and non-federal account to recover overhead costs, to fund services provided to other divisions within the department. The assessment rate for the 2007 biennium from non-federal sources is 10.8 percent for operations and 3.5 percent for capital. The federal rate is negotiated on an annual basis. The current rate for federal funds is 17.8 percent.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				137,430					134,891
Vacancy Savings				(114,236)					(114,130)
Inflation/Deflation				4,727					3,089
Fixed Costs				(25)					(25)
<b>Total Statewide Present Law Adjustments</b>				<b>\$27,896</b>					<b>\$23,825</b>
DP 901 - Commission Expense									
0.00	0	16,000	0	16,000	0.00	0	16,000	0	16,000
DP 904 - Statute Book Printing									
0.00	0	0	0	0	0.00	0	(8,040)	0	(8,040)
DP 910 - Litigation Expenses									
1.00	0	72,657	0	72,657	1.00	0	72,508	0	72,508
<b>Total Other Present Law Adjustments</b>									
<b>1.00</b>	<b>\$0</b>	<b>\$88,657</b>	<b>\$0</b>	<b>\$88,657</b>	<b>1.00</b>	<b>\$0</b>	<b>\$80,468</b>	<b>\$0</b>	<b>\$80,468</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$116,553</b>					<b>\$104,293</b>

DP 901 - Commission Expense - FWP commissioners are compensated for their travel at standard per diem rates and are provided an honorarium of \$50 per day for participating in meetings or conducting other commission business. The executive is requesting an adjustment to restore the funding for this expense as the budget system excludes all per diem and honoraria paid to the commissioners.

DP 904 - Statute Book Printing - The executive is requesting an adjustment for cyclic printing costs. Following each legislative session, the department prints statute books to inform game wardens, other staff, and the public of relevant laws pertaining to department programs. This cost of approximately \$8,000 during the base year is cyclic and therefore is not needed during the second year of the biennium.

DP 910 - Litigation Expenses - The executive is requesting an adjustment for increasing legal expenses and personnel. The increasing workload has resulted in contracting with private sector attorneys at significantly higher costs per hour. In addition, court costs associated with litigation have exceeded budgeted amounts for each of the past 2 years. This

request provides funding and FTE to increase the half-time attorney and paralegal positions to full-time and payment of increasing court costs.

**LFD  
ISSUE**

The proposal adds 1.00 FTE to the legal staff of the department. Since staff is being added, outsourcing of work to private sector attorneys should be reduced. The department spent \$10,000 in contract legal services in FY 2004. The legislature may wish to eliminate \$10,000 associated with contract legal services.

### New Proposals

New Proposals										
Program	FTE	Fiscal 2006				FTE	Fiscal 2007			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 902 - Regional Office Equipment - OTO										
09	0.00	0	30,000	0	30,000	0.00	0	30,000	0	30,000
DP 905 - State Wildlife Grants - Biennial/OTO										
09	0.00	0	200,000	2,800,000	3,000,000	0.00	0	0	0	0
DP 908 - River Recreation Management										
09	1.50	0	88,956	0	88,956	1.50	0	88,834	0	88,834
Total	1.50	\$0	\$318,956	\$2,800,000	\$3,118,956	1.50	\$0	\$118,834	\$0	\$118,834

DP 902 - Regional Office Equipment - OTO - The executive is requesting authority for on-going non-capital maintenance and office equipment. Funding would be used to address routine building maintenance that does not rise to the level of capital expenditures such as painting, carpet, plumbing repairs, rewiring to support use of computer networks, and replacement of small office equipment, such as FAX machines, desktop photocopiers, cash registers, computers, and phone systems. The 2001 and 2003 legislatures provided a similar one-time appropriation for this purpose.

DP 905 - State Wildlife Grants - Biennial/OTO - Congress has appropriated approximately \$1.4 million in federal funds each year since 2001 for use by Montana to conserve native fish and wildlife species. These funds must be matched 1:1 or 1:3, depending on the nature of the project. This decision package requests authority to spend \$2.8 million in federal funds and \$200,000 in general license dollars during the next biennium, as biennial appropriations. As in the past 2 biennia, funds would be used for a broad range of projects to conserve and enhance populations of native fish and wildlife species and to reduce the potential for federal listing of species.

**LFD  
COMMENT**

In previous years, the department allocated state wildlife grants across programs. This decision package changes the approach to allocate those funds through the Department Management Division. As the funds become available, invitations to apply for project grants would be released to interested parties, who would be required to provide the necessary financial match. The general license dollars provided in the decision package would provide match for those state wildlife grant funds retained by the department. The US Fish and Wildlife Service dictates the types of projects that can be considered.

DP 908 - River Recreation Management - The executive is requesting general license account funding for 1.50 FTE to establish a full-time recreation manager in Region 3 to address social conflict and river access issues and seasonal river ranger to manage river recreational issues in Region 2.

**LFD  
ISSUE**

This proposal would add an on going function to the department and expand the use of general license account dollars. Please see the agency-wide issue on the general license account.